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Senators Say Taxes Are Inevitable if Deficit Grows

By Bob Spector
WASHINGTON — The ranking Republican and Democrat on the Senate Budget Committee have agreed that if the deficit continues to grow, tax increases may be the only solution to reducing the U.S. deficit.

Pete V. Domenici, Republican of New Mexico and chairman of the committee, said Sunday on television, "We're moving rather quickly to see if we can't find a way to see it toward taxes."

Although he vowed to oppose any tax increase in the fiscal 1986 budget, Mr. Domenici said that if the deficit continues to grow, the budget resolution to significantly cut deficits.

Mr. Domenici hopes to reduce next year's projected deficit of \$220 billion by \$60 billion, but aides have calculated that the spending cuts approved so far amount to less than a third of the \$60 billion.

In four days of hearings last week, the committee repeatedly turned down administration proposals to end subsidies for student lunches; mass transit systems and Amtrak, the national passenger rail system. It refused to cut spending on student loan programs; the Medicare health insurance for the elderly and the disabled; and the state-federal Medicaid program of health care for the poor. It also failed to reach a consensus on whether to freeze Social Security benefits to retired and disabled people.

The hearings resumed Tuesday with the committee taking up Mr. Reagan's plan to eliminate the general revenue sharing program, a



Pete V. Domenici

move strongly opposed by state and local officials of both parties.

Mr. Domenici suggested that the budget fight was still in its "early stages."

"From what I can tell," he said, "there will be a dose of reality when we're finished with this first round" of hearings.

But Senator Lawton Chiles of Florida, the ranking Democrat on the committee, said on the same program that he believed that enough committee members would support cuts in both domestic and military spending to reach the committee's goal of cutting federal spending by \$150 billion over the next three years.

Mr. Hart, who appeared on another program, criticized Mr. Reagan for staying aloof, contending he "could have 10 Democrats and 10 Republicans at the White House and in four hours we could have a budget that everyone agreed on."

Papandreou Move Seen as Pitch to the Left

By Henry Kamm
New York Times Service
ATHENS — Prime Minister Andreas Papandreou's astonishing reversal in barring the re-election of President Constantine Caramanlis has led to the removal from a position of power of the man whom Greece's U.S. and West European allies considered the principal restraining influence on the Socialist prime minister's anti-Western policies.

The Socialist Party made a last-minute decision Saturday to nominate its own candidate rather than support the conservative president, as Mr. Papandreou had earlier said he would. The decision is regarded as an indication that the prime minister will lead his party into



Andreas Papandreou at a meeting of the Greek Socialist Party's Central Committee.

NEWS ANALYSIS

national elections later this year in a campaign pitched to appeal to the Marxist wing of his party and the two Communist parties, the Communist Party of Greece and the smaller Greek Communist Party.

The expectation is that leftist policies will be high in the campaign and that the United States will be the principal whipping boy. The Communist Party of Greece, which is represented in Parliament, is fiercely loyal to the Soviet Union.

But Mr. Papandreou is known not only for electoral shrewdness and rhetorical volatility but also for pragmatism in action. Thus it is not a foregone conclusion that if his shift of tactics succeeds and he is re-elected he will necessarily move Greece further from its Western allies or closer to the Communist camp.

Until the Socialist Central Committee and the party's parliamentary caucus voted unanimously to withhold support from Mr. Caramanlis when Parliament convenes in special session to choose a president, Greek analysts, including members of Mr. Papandreou's own party, assumed that the prime minister would aim his main appeal to

political moderates, reassuring them by the continued presence as head of state of Mr. Caramanlis.

The session had been scheduled for Friday, but was postponed until Sunday.

The Greek political spectrum is sharply polarized between the Socialists, who stand to the left of most European Socialist parties, and the New Democracy Party, which was founded by Mr. Caramanlis and is staunchly conservative. As a consequence, the parliamentary elections, which must be held by October, were expected to be a battle mainly for the uncommitted center, with the Communists left on the sidelines angry at both major parties.

Mr. Papandreou's expressions of support for Mr. Caramanlis, as well as a new election law adopted earlier this year, gave substance to these expectations. The new law modified the system of proportional representation to favor the two major parties and reduce even further parties with lower national ballot totals. It was hailed by the Socialists, who drafted it, and the New Democracy Party, but bitterly denounced by the Communists.

The Socialists held 165 seats in the present assembly, New Democracy 112 and the Communists 12. The remaining 11 deputies are independents, three of whom usually vote with Mr. Papandreou. This would seem to assure election to the presidency of the surprise Socialist candidate, Supreme Court Justice Christos Sartzetakis, who is 56.

In the first two ballots for the presidency, a two-thirds vote is required. However, a third ballot lowers the minimum to 180. This gives Mr. Sartzetakis a likelihood of winning, with the expected support of the Communists and at least three independents. Failure to elect a president in three ballots automatically dissolves Parliament and makes early national elections a necessity.

The withdrawal of Mr. Caramanlis removes from a direct political role the man who is regarded as the most powerful friend of a firm Greek commitment to the West. At the age of 78, he was believed to be eager for a second five-year term, after already having served 14 years as prime minister.

Brought back from exile in 1974 after the fall of the military dictatorship, he led the country not only back to parliamentary democracy but also into the European Community and back into the North Atlantic Treaty Organization after Greece withdrew in anger over the Turkish invasion of Cyprus.

Mr. Papandreou was elected in 1981 after a campaign in which he vigorously denounced U.S. influence in Greece and Greek membership in the two Western groupings. Mr. Caramanlis is given major credit by well-informed Greeks and diplomats for restraining Mr. Papandreou from fully redecking his campaign pledges. There are differences in interpretation, but many Greeks believed that the Socialist leaders had vowed to withdraw Greece's memberships in NATO and the European Community and remove U.S. military bases.

Mr. Caramanlis, who has refrained from publicizing his actions during a notably aloof presidency, is said to have drawn on two sources of strength in limiting damage to Greece's alliances.

One is institutional, in that the president is empowered to dissolve Parliament or to hold a referendum on any government policy that he

Salvadoran Rebels Revive Urban War

Analysts Say Guerrillas Were Ineffective in Countryside

The Associated Press
SAN SALVADOR — El Salvador's leftist guerrillas are bringing a war back from the countryside to the city where it began five years ago, according to Salvadoran and U.S. officials.

President José Napoleón Duarte says the shift in tactics by the guerrillas "is an urban campaign of destabilization."

One reason for their move, military analysts say, is that in more than a year the guerrillas have not scored any major successes in the

countryside against the army and the air force.

The assassination at a San Salvador tennis club last Thursday of Lieutenant Colonel Ricardo Cienfuegos — one of the highest-ranking officers killed by guerrillas — was the latest indication that urban conflict is on the rise.

Sabotage and other killings attributed to the left have increased in San Salvador in the past few months.

A Roman Catholic human rights and legal group that is associated with the office of the archbishop of San Salvador has estimated that in one week recently, more politically motivated murders of civilians were attributable to the left than to rightist death squads. The death squads and rightist paramilitary organizations have been held responsible for most of the 53,000 civilians killed during the war.

Urban terrorism dropped sharply after the failure of the rebels' "final offensive" in January 1981. Life in San Salvador — which had been marked by a dusk-to-dawn curfew imposed to crack down on the kidnappings, bombings and sabotage — gradually returned to near-normal.

The curfew was lifted. New restaurants and clubs opened, and movie theaters once again offered late-night screenings.

Even so, bodyguards remain on duty for the wealthy, for government officials and for diplomats. Asked about the increase of guerrilla activity in the cities, Mr. Duarte said: "It is difficult to control assassination in the city, and the left has unleashed an urban campaign of destabilization."

Gen. Paul F. Gorman, recently retired as the head of the U.S. Southern Command, in Panama, told Congress in Washington last month that an estimated 500 guer-

illas were in the capital in contrast to 50 a year ago.

In Washington, a State Department specialist said it was "indisputable" that the war was returning to urban areas but labeled the estimate of 500 rebels in the capital as "guesswork."

A tiny, maverick urban guerrilla force, the Clark Elizabeth Ramirez Metropolitan Front, has been active in San Salvador for some time.

However, the Farabundo Martí National Liberation Front, the umbrella group for the five mainstream guerrilla armies, denies any connection with it. The Metropolitan Front has claimed responsibility for most of the leftist killings in the capital — including the Cienfuegos assassination.

But in recent weeks the mainstream rebels have claimed responsibility for several of the other killings.

Guerrillas ambushed a truck carrying national police Feb. 20 on the western side of San Salvador. Two police agents were killed and 10 were wounded.

A military observer, who spoke on the condition he not be identified, said the Salvadoran Army started training some troops in urban anti-guerrilla tactics about two months ago.

He said the guerrillas would not find "the fertile ground here that they did in 1980."

In 1979, the leftists were basically a street movement involved in protest marches and kidnappings. Government troops frequently fired point-blank into the demonstrations.

Government forces now are relying more on small-unit tactics, constant patrols and increased air power to keep the rebels in the countryside from massing for any spectacular attacks.

Ex-Senator W.E. Jenner Dies

New York Times Service
NEW YORK — William E. Jenner, 76, a former Republican senator from Indiana who became chairman of the internal security subcommittee of the Judiciary Committee that investigated charges of Communist subversion in the 1950s, died Saturday in Bedford, Indiana.

In 1950, he caused a controversy when he accused General George C. Marshall of befriending Communists. He referred to Marshall, a former secretary of state, as a "living lie" and a "front man for traitors," terms Mr. Jenner said later might have hurt his own political career.

Mr. Jenner was born in Marengo, Indiana. He attended Indiana University and later earned a law degree from Indiana University Law School.

Elected to the state senate for the first of two terms in 1934, he served as minority leader and later as majority leader. During World War II, he was an officer in the Army Air Corps.

Conference on Seabed Starts

Agence France-Presse
KINGSTON, Jamaica — Representatives of 138 countries and delegates from several international organizations begin a monthlong meeting Monday in this Caribbean capital to discuss a treaty to govern the future exploitation of the international seabed.

In 1944 at 36, he became the U.S. Senate's youngest member and its first World War II veteran when he won election to fill out the few remaining weeks of the term of Frederick Van Nuys, who had died. In 1946, he was elected to the first of two full terms in the Senate.

In addition to being conservative on domestic matters, Mr. Jenner consistently opposed U.S. foreign aid and any involvement in military alliances.

In 1957, he announced that he would not seek re-election in 1958. After leaving politics, he divided his time between law and business.

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WEAPONS IN SPACE / The 'Star Wars' Controversy

Proposed Space Defense Has Offensive Capability

By Philip M. Boffey
New York Times Service

WASHINGTON — President Ronald Reagan's proposed defensive shield against ballistic missile attack could readily be used for devastating offensive warfare, according to both supporters and critics of Mr. Reagan's visionary program.

The president's Strategic Defense Initiative, known popularly as "star wars," would not use weapons of mass destruction, like the current nuclear arsenal, that could obliterate tens of millions of people, experts agree.

But — if it is actually built and deployed at full strength — the supposedly defensive system could serve several major offensive functions, according to a range of experts.

It could be used as a defensive adjunct to an offensive nuclear attack, allowing nuclear-armed missiles to be launched in an offensive strike while the defense is held in reserve to cope with any retaliatory strike.

It could attack and destroy enemy space satellites, which are generally far easier targets than the ballistic missiles the system would be designed to intercept and which have become an increasingly important part of the military systems of the United States and the Soviet Union.

It could unleash lightning-fast offensive strikes from space against relatively "soft" ground targets, such as planes, oil tankers, power plants and grain fields, causing instantaneous fires and damage that could, in the words of one proponent of the system, "take an industrialized country back to an 18th-century level in 30 minutes."

There is even a degree of concern among some military experts that the system might ultimately prove able to destroy the concrete and steel silos that protect missiles underground, thus providing a first-strike weapon that could disable an opponent's missiles before they could be fired.

These offensive uses would not be unique to the kind of defense that will be explored under the Strategic Defense Initiative. If the Soviet Union should deploy a similar defensive shield, it too would almost certainly have the same offensive uses.

The potential offensive uses of a reputedly defensive system have so far received only passing attention in the debate over Mr. Reagan's proposal. But the ambiguity between defensive and offensive weapons is beginning to cause concern among some of the scientists who are strong proponents of a better defense, as well as those who oppose the general thrust of the Strategic Defense Initiative.

"I've been thoroughly aware of the problem for years," said John D.G. Rather, vice president of the Kaman Aerospace Corp., a space-laser expert who has often testified in Congress in favor of a defensive system.

"Anything that involves large amounts of energy can be used for good or evil purposes," Mr. Rather said. "A system of space battle stations designed to stop a nuclear attack also may have the potential to attack selected targets in space, in the atmosphere or down on the surface of the Earth."

He said the possible misuse of a defensive system for war-making purposes is "something that has to be thoroughly studied and dealt with" before such a shield is deployed.

But Edward Teller, a nuclear physicist with close ties to the Reagan administration, said the Strategic Defense Initiative was "unequivocally defensive and not offensive."

Mr. Teller said he hoped that new weapons could be designed to be strong enough to "destroy the vulnerable, flimsy structure of a missile in the boost phase." But he said such weapons would almost certainly be "completely helpless against silos" and would probably have great difficulty finding and tracking ground targets, which could be more readily destroyed by existing weapons.

"To use this expensive system to accomplish something as pedestrian as that, something that could be accomplished much more easily by methods already available, what kind of sense is that?" Mr. Teller asked.

At this point, of course, no one knows whether an effective defense can be built or what it would look like. The Strategic Defense Initiative is a research program designed to investigate a range of possibilities for disabling Soviet missiles that are launched against the United States. The study will investigate weapons such as high-speed projectiles and futuristic laser beams or particle beams that might be directed at Soviet missiles and warheads at all points along their flight paths, from the boost phase through the release of the warheads to the terminal phase, where the warheads plunge back into the atmosphere toward their targets.

The new defensive weapons might be based in space on hundreds of special platforms, or popped up into space at the first sign of attack, or based on the ground to fire upward. Depending on which weapons are ultimately selected and where they are based, the system would possess a range of potential offensive uses.

The most obvious offensive use, recognized by both proponents and critics of the system, would be as a defensive adjunct to a nuclear attack. Some arms-control strategists fear that a nation that possessed a defensive shield, however imperfect, might be tempted to launch a first strike against its enemy, secure in the knowledge that the shield could knock down a ragged and uncoordinated retaliatory strike.

American officials stress that the United States, even with a defensive shield in place, has no intention of launching an unprovoked attack upon the Soviet Union. But Mr. Reagan himself acknowledged, in his speech on March 23, 1983, announcing the program, that defensive systems could raise fears of an attack. "If paired with offensive systems," he said, "they can be viewed as fostering an aggressive policy, and no one wants that."

Beyond acting as an adjunct to an offensive attack, virtually any system that could be used to shoot down ballistic missiles in flight could also be used, probably more effectively, to shoot down enemy satellites in space.

"Whatever weapons are useful in an anti-ballistic missile role are even more useful in an anti-satellite role," said Wolfgang K.H. Panofsky, director of the Stanford Linear Accelerator Center at Stanford University in California, who is an expert on beam weapons and a critic of the president's program.

A workshop of experts brought together by the Congressional Office of Technology Assessment concluded last year that any effective defense against ballistic missiles "is an even more effective anti-satellite weapon" because "satellites are much easier to destroy" than missile warheads.

Satellites are more fragile than missile warheads, far fewer in number and situated above the distorting and blunting effects of the atmosphere. These atmospheric effects make it difficult to hit missiles in the initial stages of their flights. Satellites also follow predictable orbits for months or years and can thus be targeted at leisure, whereas ballistic missiles would probably be launched without warning and would have to be destroyed in minutes.

Although there is little dispute among experts that a

defensive system has offensive capabilities against targets in space, there is considerable disagreement whether the system would make a feasible and likely weapon against targets on the ground or in the lower atmosphere.

Attacking such targets would not be easy. Many of the technologies under investigation for ballistic missile defense have limited abilities to penetrate the atmosphere. Particle beam weapons, for example, dissipate when they collide with other particles in the atmosphere. The X-ray beams emitted by one class of laser weapons are unable to reach very far toward Earth. And many of the high-speed projectiles that might be used to destroy missiles by the impact of collision would probably burn up in the atmosphere long before reaching the ground.

But the proposed defensive system, if it works well, will have to have some weapons able to hit ballistic missiles shortly after launch, when they are still in the atmosphere. U.S. military officials are also hoping to find weapons that can disable low-flying cruise missiles and bombers. Nobody knows if they will be successful. But if they can do that, many experts say, it should not be much more difficult to increase the range slightly and shift the aim to hit ground targets.

In principle, at least two of the weapons systems under investigation should ultimately be able to reach the ground from outer space. High-speed projectiles, if made large enough and durable enough, could presumably be sent to collide with surface targets, smashing them by the force of impact.

And optical lasers, which focus narrow beams of intense, hot light on their targets, should be able ultimately to burn targets on the ground.

The so-called excimer laser, for example, will almost certainly be able to transit the atmosphere.

In a recent interview, Mr. Rather, a proponent of a space-based defense, said any defensive laser system hot enough and fast enough to destroy 1,400 ballistic missiles in a few minutes as they are boosted from the Earth could almost certainly be designed to "burn down through the atmosphere and easily kill an airplane or cruise missile or surface target because these are essentially sitting ducks." It was Mr. Rather who said such an attack could reduce an industrialized country "to an 18th-century level in 30 minutes."

But such feats would have to be carried out in good weather. Clouds block the laser light from reaching the Earth. And finding targets that move, like planes and cruise missiles, could be extremely difficult, especially if the new "stealth" technologies are used to hide the target from radar and other sensors.

The most devastating offensive use of space weapons would be for a first strike against "hardened" military targets, particularly the concrete-and-steel silos that house missiles on the ground. Most experts believe that this task would be formidably difficult, even impossible. The silos of both superpowers are built to withstand the enormous pressure and heat of a nearby hydrogen bomb explosion.

Under one proposed basing plan, the laser would sit on the ground and fire its beam up through the atmosphere to mirrors based in space, which would redirect the beam back down toward ballistic missiles taking off.

Under another proposed basing plan, the laser would sit on the ground and fire its beam up through the atmosphere to mirrors based in space, which would redirect the beam back down toward ballistic missiles taking off.

As Research Gains Momentum, Basic Questions Remain Unresolved

(Continued from Page 1)

ing debate there, but it's hard to see how the issue will get joined in a legislative context," said Representative Les Aspin, Democrat of Wisconsin, who is the new chairman of the House Armed Services Committee. "As long as the program is only research, there is no legislative issue on which the opponents and proponents can line up on opposite sides. Even the most vociferous opponents say we ought to do research."

The only issue this year, Mr. Aspin added, will be how much additional money to provide for research.

Yet the national debate over "star wars" goes on, as more and more fundamental questions are raised about it. The following are chief among them:

• Is this really only a research program, or a virtual commitment to deploy a defense should one become technically feasible?

• Is the president's goal of rendering nuclear weapons obsolete in fact a desirable objective, or do nuclear weapons play an essential role in preventing war between the superpowers?

• Is the goal realistically attainable?

• Is a lesser goal, say a partial defense that would protect missiles and bombers but not the public, desirable in its own right, even though it would protect and enhance nuclear weapons, which is exactly counter to the president's stated goal of making such weapons obsolete?

• How would a future president manage the precarious business of actually deploying a defensive system?

• Are there any better alternatives?

When, on March 23, 1983, Mr. Reagan unexpectedly called for intensified research to find a defense against ballistic missiles, he caught many of his subordinates flat-footed.

Just hours before he spoke, the Pentagon official in charge of directed energy weapons, a major focus of the new defensive program, had told a Senate subcommittee that, on technical grounds, he could not recommend spending more money on a program for research on such armaments.

Since then, Mr. Reagan's program has taken on a life of its own in the vast federal bureaucracy. The administration has stressed that the program is merely in a research stage and that a decision to actually build and deploy a defensive system will be made by future presidents and congresses.

Critics are skeptical that any program to which the president has committed himself so fully will wind up unfulfilled. "If things work out at all, they're going to do it," predicts Spurgeon M. Keeney Jr., executive director of the private Arms Control Association.

The Defense Department has centralized its previously existing research programs into a single office, under Lieutenant General James A. Abrahamson. The level of actual spending in fiscal year 1985, the current year, is roughly comparable to what it would have been without the president's new emphasis, namely \$1.4

billion. But now the program is poised for substantial expansion. The president has requested \$3.7 billion for fiscal 1986. Additional money, roughly \$300 million for fiscal year 1986, is in the budget of the Energy Department, which supports work at the national weapons laboratories.

What Congress will do to this budget in a year when it is looking for ways to reduce spending no one can say at this point. Key Republicans in the Senate are generally supportive of the president.

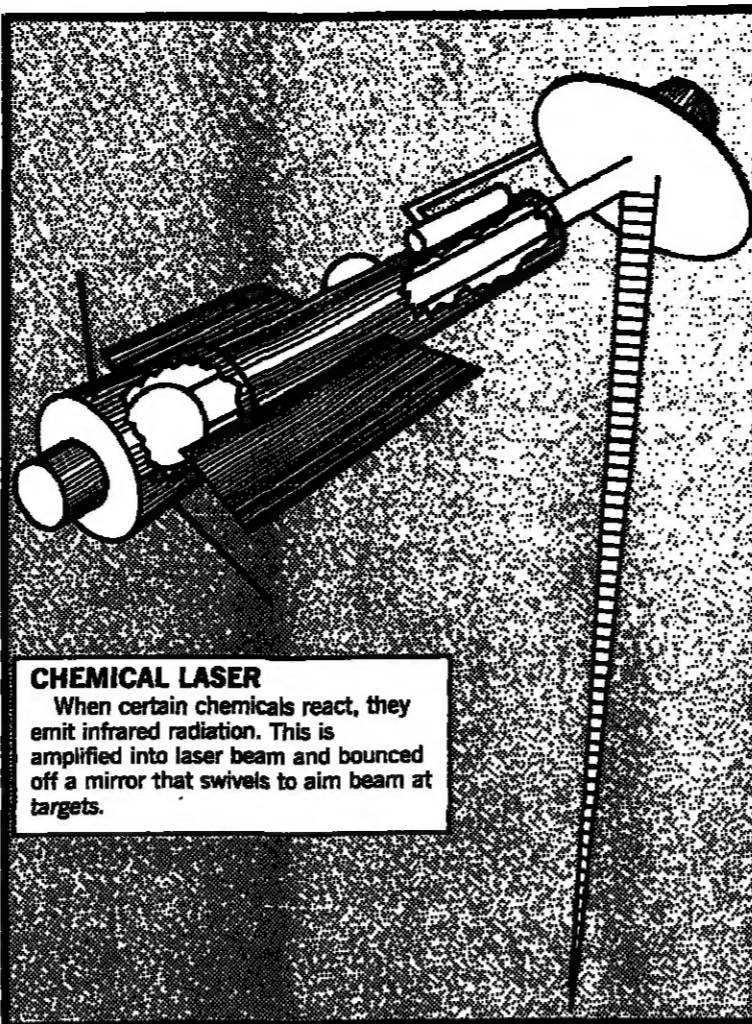
Senator John Warner, Republican of Virginia and chairman of the Senate subcommittee on strategic and theater nuclear forces, said in an interview that he favored giving the program roughly what the president has requested, although he added, "I am not going to commit myself to the entire request."

Senator Ted Stevens, Republican of Alaska and chairman of the Senate subcommittee for defense appropriations, called the Strategic Defense Initiative "the highest priority I have."

He said he might not endorse the full amount requested, but added that the program was at "a critical juncture," at which it "needs more money" to determine whether breakthroughs are possible.

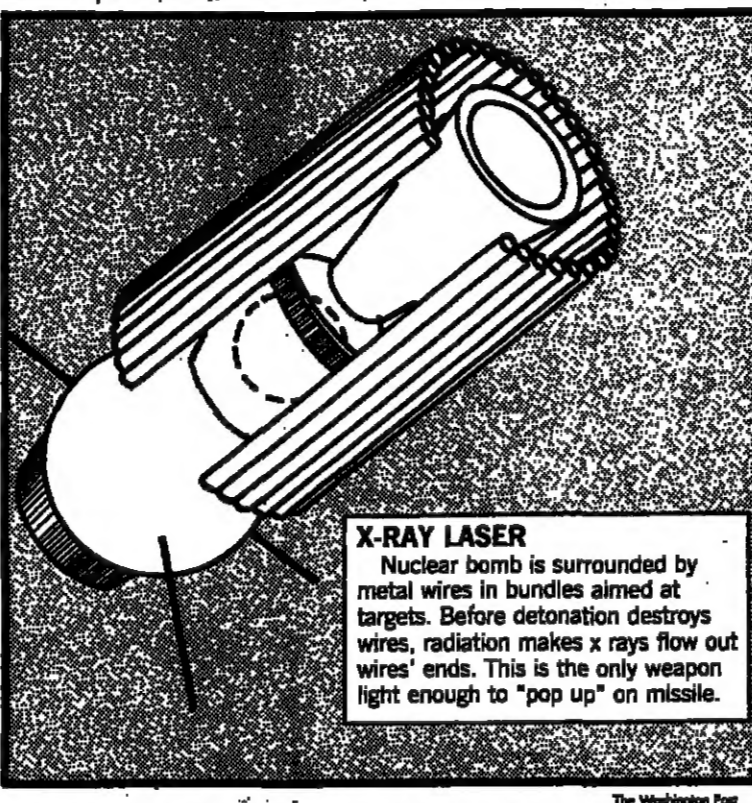
Key Democrats in the House are less supportive. Representative Aspin said it was "likely that Congress will cut the money back some" from what the administration requested. Representative Joseph P. Addabbo, Democrat of New York, chairman of the subcommittee on defense appropriations, said he hoped to hold the program at roughly its current level, with a small increase to cover inflation.

Critics say they fear that the program will now steamroll, with support from an ever-larger array of military contractors, lobbyists, technologists and congressmen, to the point where it cannot be stopped.



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X-RAY LASER

Nuclear bomb is surrounded by metal wires in bundles aimed at targets. Before detonation destroys wires, radiation makes x rays flow out wires' ends. This is the only weapon light enough to "pop up" on missile.

The chemical laser, above, is considered the type of space-based weapon most suitable for eventual use against targets on the ground. X-ray lasers, below, are unable to reach very far toward Earth.

U.S., Soviet Union to Start Arms Talks on Schedule Despite Chernenko Death

The Associated Press

GENEVA — The United States and the Soviet Union decided Monday to open talks Tuesday on nuclear weapons as planned, despite the death of the Soviet leader, Konstantin U. Chernenko.

The decision was made at a one-hour meeting between Warren Zimmerman, a deputy to the chief U.S. negotiator Max M. Kampelman, and Vladimir Alexandrov, a member of the Soviet delegation, a U.S. spokesman said.

The executive secretaries of the U.S. and Soviet delegations have agreed that the heads of the delegations will meet at 11 A.M. at the Soviet mission," the spokesman, Joseph Leiman, said.

The meeting was designed to set a schedule for the next few weeks. It was not immediately clear when the two sides would begin to discuss the substantive issues.

Soviet journalists said it was unlikely that the chief Soviet delegate, Viktor P. Karpov, and the two other Soviet negotiators, Yuri A. Kvitsinsky and Alexei A. Obukhov, would go to Moscow for Mr. Chernenko's funeral on Wednesday.

But that does not rule out a pause here for a few days.

Western officials told Reuters that the decision to open the talks on schedule was encouraging. They said it showed the Soviet government wanted to demonstrate a continuing line in foreign policy, despite the leadership change.

It also appeared to underline the urgency that the Soviet Union attached to the talks on space arms, long-range nuclear weapons, and European-based missiles, the officials said.

The talks will open with the two sides far apart on the issues even though their stated goals are nearly identical.

Both sides have said they want to prevent an arms race in space and end it on Earth, but they differ on how to achieve their goals.

The United States wants to resume the quest for deep cuts in offensive weapons, which was suspended when talks broke down 15 months ago. The Soviet Union wants to stop President Ronald Reagan's space-based missile-defense program, arguing that it will lead to a dangerous militarization of outer space.

When he arrived in Geneva on Saturday, Mr. Kampelman pledged his efforts toward the "taming and then the elimination of nuclear weapons."

Mr. Karpov, when he arrived Sunday, said that the Soviet Union also hopes to attain the "truly historic goal" of eliminating nuclear weapons. He said neither side should have "unilateral advantage" over the other.

The talks are likely to be long and difficult, complicated by the sharp dispute over the Strategic Defense Initiative, the official name for the space-based defensive system.

Mr. Kampelman said his negotiating strategy could be summarized in "one important word — patience."

The main European allies of the United States, while concerned about the possible militarization of space, have reluctantly supported Mr. Reagan's plan for a research program, which might take 10 to 15 years. But Britain,

West Germany and Italy have said that a deployment of space-weapons technology must be negotiated with the Soviet Union.

Mr. Reagan has instructed the U.S. negotiating team to discuss the Strategic Defense Initiative but not to negotiate limitations on research or testing.

The Russians abandoned talks in late 1983 on long-range and medium-range missiles after a North Atlantic Treaty Organization began playing the first of 572 cruise and Pershing missiles in Western Europe to counter a build-up of Soviet SS-20 missiles.

The U.S. secretary of state, George P. Shultz, and the Soviet foreign minister, Andrei A. Gromyko, set up the new talks during two days of meetings in January. They said their mutual goal in the negotiations would be "prevent an arms race in space and terminating it on Earth."

For the U.S. side, Mr. Kampelman, who negotiated with the Soviet Union between 1979 and 1983 in Madrid at the Conference on Security and Cooperation in Europe, will deal with space arms. John G. Tower, a former Republican senator from Texas, will negotiate on long-range missiles, and Maynard W. Glittenberg, an intermediate-range.

For the Soviet side, Mr. Karpov will deal with long-range missiles. Mr. Obukhov will be the negotiator on intermediate weapons, and Mr. Kvitsinsky on space weapons.

Mr. Kampelman, Mr. Tower and Mr. Glittenberg were in Brussels on Monday, where they briefed ambassadors to NATO on the talks at brief Prime Minister Wilfried Martens, who government is expected soon to announce timetable for the deployment of the first of cruise missiles in Belgium.

Senator Richard G. Lugar, the Republican chairman of the U.S. Senate Foreign Relations Committee, and Jim Wright, the Democratic majority leader of the House of Representatives, were in Geneva with nine other senators a week after members of the House to observe the start of the talks.

Mr. Lugar suggested Sunday that Soviet opposition to U.S. research on space weapons is part of a propaganda campaign designed to split the Western alliance. "We must wait and see why they are here and what they are up to," he said.

He said the legislators' presence meant "Soviets will know there is absolute solidarity of the Congress behind our negotiators, that take this seriously from the very beginning."

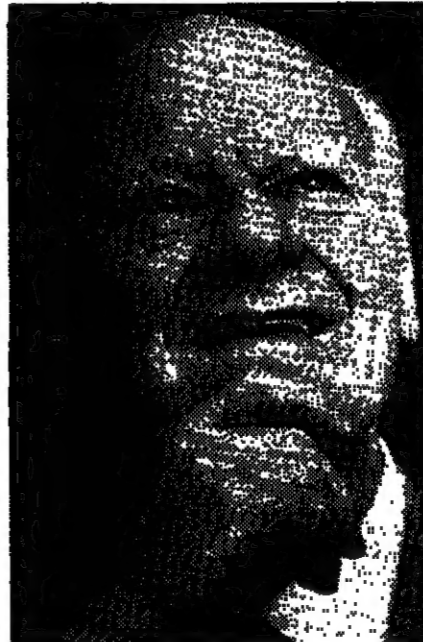
Mr. Lugar said Congress was determined "follow each nuance down the trail," even if it takes years to reach an agreement.

"In the past," Mr. Lugar continued, "there have had a very tough time being ratified in a country, in large part because senators on both sides of the aisle said they weren't there at takeoff but were expected to be there at landing."

The 10 senators were to receive briefings on the talks from Mr. Kampelman and other delegation members before leaving Geneva Wednesday.



Edward Teller



Hans A. Bethe

introduced the defense initiative in a speech.

"Converting hydrogen bombs into hitherto unprecedented forms and then directing these in highly effective fashions against enemy targets," he said, would "commence a period of assured survival on terms favorable to the Western Alliance."

Although the administration now downplays the role of nuclear weapons in a "star wars" defense, the plan's central vision still strikes a resonant chord among many citizens who live in dread that some day the thousands of existing nuclear warheads will be fired. Even leading critics of the president's proposed system say that if they really thought it would work, they would be all for it.

But not everyone agrees that a perfect defense against nuclear weapons, and their eventual elimination, would be desirable, at least not without much more thought about the consequences.

Some arms control experts say that the fear of nuclear weapons has preserved the peace between the two superpowers for the last four decades. And, while these experts say they are eager to see the overwhelming size of world nuclear arsenals reduced to protect the world from complete destruction in a nuclear holocaust, they are reluctant to give up nuclear weapons entirely unless some better guarantor of the peace is at hand.

The most thoroughly debated question is the one that cannot be answered yet, the question that the space-defense research program will explore: Is a defense that would protect the nation from ballistic missile attack both technologically and economically feasible?

Ten to 15 years ago, the nation confronted that issue and concluded that the job could not be done. But since then, many experts agree, there have been great strides in the technologies needed to build such a system, and the answer is a little less clear.

The administration has assembled an impressive array of technical experts who say that it is at least possible, if vigorous research is pursued for the next two decades, that an

effective defense for the entire population may become feasible.

After interviewing key figures in the debate, John Maddox, the editor of Nature, the British science journal, concluded that "the most common complaints against SDI, that it cannot work, seem to outsiders to be belied by the numbers of intelligent people who are passionately persuaded otherwise."

But an equally impressive array of experts is skeptical that a leak-proof defense is possible, particularly if a determined enemy is simultaneously trying to find ways to overcome it. A second team of outside experts assembled by the Reagan administration, headed by Fred S. Hoffman, performed a study under the aegis of the Institute for Defense Analyses. The study concluded that, while a defense effective enough to preclude nuclear attacks might result from the program, "it is more likely that the results will be more modest" — namely a system that could protect military targets but might not be able to prevent "catastrophic damage" to people.

In an all-out attack, the study said, even modest leakage of missiles through the defense shield would be "sufficient to destroy a very large part of our urban structure and population."

Experts on both sides agree that it will be an uphill battle to develop weapons that can shoot effectively at long distances, sensors and tracking devices that can find and follow thousands of missiles and warheads and distinguish them from tens of thousands of decoys, and prodigious computer capabilities to manage a battle for survival that would be over in minutes.

Such capabilities are not in hand now and may never be. The potential for success in this endeavor probably will not be known for decades.

Since the president announced his original goal of a full-scale defense that would protect the population and make nuclear weapons obsolete, his program has moved toward lesser goals as well. In particular, many of the administration's experts and study groups have

stressed that, even if a leak-proof full-scale defense system is eventually found to be possible, a partial defense good enough to ensure that American missiles and bombs will survive may become feasible and will be a much more achievable goal than a full-scale defense system.

Thus the argument over the defense system is splitting into two debates that are still carefully distinguished. One is the debate triggered by the president's original vision: whether the United States should move away from the threat of massive nuclear retaliation, deter attacks and rely instead on a new, high-effective, defensive shield to prevent attacks on American soil.

The other is whether the United States should turn to a partial defense to protect missiles and bombers, thus ensuring that it could survive a surprise attack and unleash devastating retaliatory attack on an aggressor.

The two kinds of defense have opposite objectives. Mr. Reagan's full-scale defense seeks to do away with nuclear weapons; a partial defense seeks to enhance their retaliatory power.

Supporters of the president's program see conflict between the two goals. They say if the president has always said that, until effective defense is ready, the nation will continue to rely on the threat of nuclear retaliation to deter attacks. But critics of the program say it makes little sense to spend vast amounts to protect nuclear weapons if the ultimate goal is to get rid of them.

Some critics contend that a limited defense would be especially provocative to the Soviet Union because the system would clearly be able to cope with a massive Soviet attack. It might be effective against a weak retaliatory blow after a large, pre-emptive American strike.

Hans A. Bethe, the Nobel Prize-winning physicist, and three colleagues warned last year in a magazine article: "It is difficult to imagine a system more likely to induce catastrophe than one that requires critical decisions by a second, is itself untested and fragile, and yet threatening to the other side's retaliatory capability."

If the research program does come up with full-scale defense that is technically and economically feasible, then it would require extraordinary cooperation between the Soviet Union and the United States to get it deployed without major incident, according to experts on both sides of the debate.

Unless both sides deploy comparable defenses simultaneously, experts say, the side with no defense might become terrified at start shooting at the emerging defenses of the other before they could be deployed.

The president himself put his finger on a fundamental truth when he announced, in statement that was later much ridiculed, that he would be willing to share with the Soviet Union any defensive technologies that are developed by his new program.

The White House has subsequently played down this offer, apparently realizing that a new defensive system, if it works, will embody the nation's most sophisticated computer sensors and other high-technology items that could be used not just in a defense system, but in a variety of offensive weapons as well.

Some critics doubt that such cooperation

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Chernenko, the 'Gray Man of the Old Guard,' Was the Ultimate Party Bureaucrat

Los Angeles Times Service
MOSCOW — Konstantin U. Chernenko, the sixth leader of the Soviet Union, was a compromise choice to preside over the Kremlin at a time of worsening Soviet-American relations.

A protégé of the former Soviet president, Leonid I. Brezhnev, Mr. Chernenko had no political base of his own and apparently ruled in collaboration with other powerful Politburo members.

In some ways, he was the ultimate Communist Party bureaucrat, an apparatchik, one believed that swerving loyalty was the most important virtue.

A U.S. diplomat described him as a "gray man of the old guard," a Soviet propagandist he represented the "glorious traditions of an older generation." For Mr. Chernenko was, at 72, the oldest in ever to assume power in the Soviet Union and, therefore, was regarded as more than a transitional leader.

Severe health problems, including a lung disease that made him appear to gasp for breath at times, contributed to an image of weakness. His only public appearance since late last December was at a meeting of the Politburo on Feb. 7.

However, he was seen twice on television news broadcasts in February. The first time, on Feb. 24, he was shown voting in local Soviet elections, the second, on Feb. 28, when he was presented with credentials as a parliamentary deputy following the elections. In both appearances, he was pale and visibly weak.

Under Mr. Chernenko, the Soviet foreign minister, Andrei A. Gromyko, appeared to dominate foreign policy issues, while Defense Minister Dmitri F. Ustinov, who died Dec. 20, apparently controlled military matters.

Mr. Chernenko's public speaking style was so poor that it embarrassed his colleagues. He rushed through his texts, swallowing some words and barely pronouncing others, so that he was very hard to understand. At one appearance, he left his place and skipped a whole page.

Shortly after he took office on March 13, 1984, there were signs that Mr. Chernenko would take a more moderate approach to the West in his predecessor, Yuri V. Andropov. That initial optimism was dashed as Mr. Chernenko repeated, insisted that President Ronald Reagan could not be dealt with. Last fall, however, Mr. Chernenko presided over a turnaround in the Soviet position. In November, he proposed a meeting be-



Konstantin Chernenko and Leonid Brezhnev at signing of SALT-2 treaty in Vienna in 1979.

tween Mr. Gromyko and the U.S. secretary of state, George P. Shultz. He went on to cooperate in forging an agreement on reviving the arms control negotiations that are scheduled to resume Tuesday in Geneva.

Domestically, Mr. Chernenko believed in a conservative, authoritarian approach that leaned heavily on exhortations to improve workers' productivity.

He expanded programs to give workers and managers more financial incentive and responsibility. Statistics for 1984 showed that industrial output rose 4 percent and that labor productivity in industry was up 3.8 percent.

He also sustained the anti-corruption campaign started by Andropov. The leader of Rostov province was dismissed and a major purge was begun in Central Asia. More surprisingly, he pressed a corruption case against Nikolai A. Shchelokov, Brezhnev's friend and interior minister. Mr. Shchelokov died, possibly by his own hand, after being stripped of his general's rank in September.

Mr. Chernenko was a simple man who lacked a university edu-

cation. He scorned proposals for economic reform and, as a critic said, seemed to pursue an all-out, no-carrot policy so far as workers' incentives were concerned.

He was a fundamentalist on artistic matters, declaring his belief in "socialist realism" and other slogans to glorify the Communists and the working class. Soviet artists ridiculed what they called a return to "tractors and muscled" of the 1930s, but Mr. Chernenko's criticism took its toll on some avant-garde film and theater directors.

Mr. Chernenko was a lifelong Communist Party official, specializing in ideology. But it was his connection with Brezhnev, solidified when they worked together in the Soviet republic of Moldavia in the late 1940s, that allowed him to rise from obscurity in Siberia to the most powerful post in the Soviet Union.

Konstantin Ustinovich Chernenko was born in the Siberian village of Bolshaya Tes on Sept. 24, 1911, about six years before the October Revolution swept the Communists to power in 1917.

According to his own account, it was a hard life in a large and poor family and he left home at the age of 12 to work for a wealthy farmer, known as a kulak.

In propagandist's prose, he later wrote of his childhood: "We were underfed and poorly clothed, but the dreams of a radiant future for all fascinated us and made us feel happy."

By the age of 18, however, he was doing propaganda work in his home region near the city of Krasnoyarsk. He volunteered for the Red Army in 1930 and was assigned to a border unit, patrolling the frontier on horseback. He became secretary of his party cell there.

After army service, Mr. Chernenko went back to work for the party, directing agitation and propaganda in two districts near his native village. While millions of other Soviet men went to the front to fight the invading Nazis, he remained in his Siberian post and studied party organization at a special Moscow school from 1943 to 1945.

Then he became secretary of the Penza regional party committee for

three years until he was assigned to Moldavia to head the Agitation and Propaganda Department, where he worked with Brezhnev.

Some reports said that he was Brezhnev's driver for a time. The two men became friends and, although Mr. Chernenko stayed dutifully in the background, the friendship clearly helped his career.

In Moldavia, Mr. Chernenko went to night school to complete his education, interrupted at the age of 12 when he quit to start work. He was graduated from Moldavian Teachers' College in 1953, at the age of 42.

When Mr. Chernenko's mentor, Brezhnev, was transferred to Moscow, Mr. Chernenko soon followed, getting a prized post in the Agitation and Propaganda Department of the Central Committee in 1956.

It was not until the removal of Nikita S. Khrushchev as party leader in 1964, however, that Brezhnev and Mr. Chernenko moved into positions of power.

Brezhnev, who became first secretary of the Communist Party, named Mr. Chernenko as secretary of the committee's General Department. It was a key post in the most powerful group in the Soviet Union, comparable to being a cabinet secretary in Europe or the White House chief of staff in the United States.

With Brezhnev's backing, Mr. Chernenko became a nonvoting member of the Central Committee in 1966. Five years later, he became a full member. His rise, in Soviet terms, was rapid, for he became an alternate member of the Politburo in 1977 and he was elevated to full membership in that ruling body the following year.

Brezhnev was clearly grooming Mr. Chernenko to be his successor, sending him to the Helsinki Conference on Security and Cooperation in Europe, in 1975, and bringing him along for the 1979 Vienna summit meeting with the U.S. president, Jimmy Carter.

Early in 1982, in a sign of his new eminence, Mr. Chernenko was named the third-ranking member of the Politburo. But when Brezhnev died on Nov. 10, 1982, the leadership did not go to his protégé.

It went instead to Andropov, the former head of the KGB security police. Mr. Chernenko nominated his rival to be general secretary of the Communist Party. In return, Mr. Chernenko got a relatively prestigious job, although he was dropped from the post of secretary of the General Department.

One of Mr. Chernenko's problems was that he never ran any-

thing himself, or led a district or city branch of the Communist Party. He had no managerial experience, either, and his chief patron, Brezhnev, was dead.

Early in 1983, Mr. Chernenko dropped out of sight. He had to cancel a scheduled trip to East Berlin and he missed the spring spectacular in Moscow, the May Day military parade. His office at first said he had a cold and later reported that he had pneumonia after his two-month absence.

But he apparently retained Andropov's confidence despite rumors that he was about to be removed from his Politburo post. Then Andropov became ill with a fatal kidney disease; he was not seen in public after Aug. 15, 1983. Andropov died on Feb. 9, 1984. The announcement of his death, which interrupted solemn music on Moscow radio stations, was made the following day.

In a remarkable political comeback, Mr. Chernenko became the compromise candidate to replace Andropov. He was named general secretary of the Communist Party after serving as chairman of the funeral commission for his rival.

But there were signs of opposition within the Politburo to his selection and the announced unanimous vote in favor of Mr. Chernenko was suspect.

After his election, the new leader had a whirlwind five months, meeting with world leaders who attended the Andropov funeral and later was host to Spain's king, Juan Carlos I, and President François Mitterrand of France.

Westerners were encouraged when Mr. Chernenko said in March 1984 that he favored a "drastic change in Soviet-American relations" from their 20-year low point.

But others said Mr. Chernenko had little leeway for altering the Soviet foreign policy stance, particularly in view of Mr. Gromyko's hard-line views. Relations with the

United States remained icy until Mr. Chernenko's proposal in November for a meeting between Mr. Gromyko and Mr. Shultz.

On April 11, 1984, Mr. Chernenko was named president of the Supreme Soviet, the nominal parliament, giving him the same protocol rank as any head of state.

Despite his prominence, little was known about Mr. Chernenko's private life. Friends said he was warm-hearted and sentimental, a man who could break into tears during a sad movie or after discussions of World War II.

Armand Hammer, an American industrialist who has known every Soviet leader since Lenin's time, said of Mr. Chernenko: "He's a very warm-hearted man just like Brezhnev was. A very pragmatic man."

Mr. Chernenko's wife, Anna Dmitrievna, was rarely seen in public. A daughter, Yelena Konstantinovna, worked as a senior researcher at the Marxism-Leninism Institute.

In addition, he had two sons. According to the little information available, one works at Goskino, the state film organization, the other at the Agitation and Propaganda Department in the provincial city of Tomsk.

Concern over Mr. Chernenko's health was again expressed in the summer of 1984 when he failed to show up in public for more than seven weeks after ostensibly leaving on vacation.

But he reappeared on Sept. 5 at a ceremony honoring three Soviet cosmonauts and seemed in good form.

Mr. Chernenko's style was shown vividly by an article he once wrote. It included a warning that reflected his own unswerving faith in the party and all its works.

"Both at work and in party life," he wrote, "in study and everyday life, always and everywhere, the Communist should remain a Communist, and carry with dignity the lofty title of a member of our party of Lenin."

Succession by Gorbachov Seen as a Break With the Old Guard

(Continued from Page 1)

and devoting resources to the civilian economy. Some aspects of Mr. Gorbachov's background are as obscure as his views.

He was born March 2, 1931, to a peasant family in the village of Priozhnoye in the Stavropol region of northern Caucasus. He was a teenager during World War II, but not known if he was in the area on the Nazis occupied it from 1942 to 1943 or if he was evacuated. From 1946 to 1950, he worked at machine tractor station in the ivropol region. He then went to Moscow State University, graduated in 1955 after taking the standard five-year law course.

It was in Moscow, in 1952, that Gorbachov joined the Communist Party. Returning home, he steadily through the ranks to some first secretary there in 70.

In 1978, he transferred to Moscow to take the agriculture portfolio in the Central Committee secretariat, the administrative body responsible for the day-to-day running of the country. He succeeded his former Stavropol party leader, Fyodor D. Kulakov, in the agriculture job. Mikhail



Among Politburo members voting during a meeting in 1983 were, front row, from left: Foreign Minister Andrei A. Gromyko, Konstantin U. Chernenko and Prime Minister

pol party leader, Fyodor D. Kulakov, in the agriculture job. Mikhail

A. Suslov, the then-powerful Politburo ideologist, had his territorial

power base in Stavropol and Andropov, then head of the KGB, the state security agency, also was born there.

Continued poor performances in agriculture did not appear to hinder Mr. Gorbachov's further rise. He became a candidate, or nonvoting member of the Politburo in 1979 and a full member in 1980.

He acquired his reputation as a reformer when he led a group in the Kremlin that tried to carry out economic reforms and anti-corruption campaigns initiated by Andropov. Soviet sources said that Mr. Gorbachov was personally and professionally close to Andropov during the latter's rule from November 1982 to February 1984. When Andropov fell ill, Mr.

Nikolai A. Tikhonov. Second row, from left: Grigori V. Romanov, Viktor V. Grishin, the head of the city party organization in Moscow, and Mikhail S. Gorbachov.

Gorbachov was described as the leader's chosen successor as Communist Party general secretary. Perhaps because the Kremlin old guard still resisted having a young leader, Mr. Chernenko succeeded Andropov.

The Gorbachovs have at least one daughter and one granddaughter, but little is known about the family. (AP, AFP, UPI)

London Council Heeds Thatcher's Local Tax Cuts

The Associated Press
LONDON — The left-leaning Greater London Council has voted to set a property tax rate within the limit, ending a showdown with Prime Minister Margaret Thatcher's Conservative government.

The council members approved a new rate Sunday night. If they failed to set a rate by midnight, they could have faced stiff financial penalties and possible disaffiliation from office.

Mrs. Thatcher's government has already passed legislation paving the way for abolition of the London Council next year. The Conservatives argue that this council and six other like it are expensive and unnecessary and that their responsibilities could be given to borough councils.

The government had set the rate ceiling in an attempt to curb spending by city governments.

The vote of 60-26 to approve a legal property tax rate occurred af-

ter a 23-hour debate over two days. Rightist members of the Labor Party joined Conservatives and members of the moderate Social Democratic-Liberal alliance in approving the new rate.

Ken Livingstone, leader of the council, which has overall authority for the capital, said he would plan a deficit budget to preserve existing jobs and services. The council's budget for the coming year has been set at £786 million (about \$833 million).

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Herald Tribune

Published With The New York Times and The Washington Post

The Road to 'Star Wars'

Step back for a minute from the epic argument raging over President Reagan's "star wars" idea. How is it that Mr. Reagan and his critics, and the United States and the Soviet Union, find themselves at this pass?

Arms control has reached a stalemate, if not a general crisis. This was signified not merely by the Soviet Union's boycott of the START and INF talks. A substantive deadlock had been reached in those talks. And, in the view of many experts, difficulties in agreeing on a strategic balance, in arranging verification and, in the West, in securing political support for the arms control process had made it increasingly difficult to move ahead. So there was a readiness to look for some new way to transform the situation or at least to create a new chemistry or a new combination.

Deterrence had engendered ever wider skepticism and doubt bordering, on the left as well as on the right, on fear and contempt. For years the right had feared a "window of strategic vulnerability." More recently, the left had come to fear a general breakdown of the nuclear peace. In broaching his idea of a Strategic Defense Initiative, President Reagan was responding to a pervasive discontent with the viability of the theory of mutual deterrence. There was a market for another theory.

Technology, as always, was marching on, making possible inquiries and inventions that had not been thought of in earlier years. All of the separate pieces of the SDI that are now in the administration's budget were already being worked on, separately, at the time Mr. Reagan made his maiden speech on the idea

two years ago. He did not invent the idea of defense. He assembled its potential in a form that caught the public's attention. Sooner or later America was going to have to deal with the idea of strategic defense in some form.

A crisis of arms control, a perceived erosion of deterrence, the march of technology: This is how we got where we are today, with the Reagan administration carrying proposals to Geneva that are fundamentally new and, to many, upsetting in their current combination but are not new in their separate conception. "Star wars" is not an idea born out of nowhere. It is a particular solution to problems that were recognized as problems even, and especially, by many of those who are now sharp critics of Mr. Reagan's proposed solution.

Whether the SDI is the right solution is, as far as we are concerned, a long way from proven. Certainly on its face it presents extreme new difficulties in technology and no less in politics. A strong case can be made that President Reagan, in investing it with the certainty and fervor at his command, has raised anxiety and opposition unnecessarily and, more important, has made a commitment far in advance of and in excess of what further inquiry will show to be sensible.

Meanwhile, the president, by making the SDI the centerpiece of his Geneva offer, and of his whole global strategy, has made it unavoidable for all of us no matter how we feel about the SDI, to keep studying it. We note that no one has a greater responsibility to have an open mind than President Reagan.

—THE WASHINGTON POST.

Japan-Bashing Is Unwise

If Japan does not lower barriers to American imports, warns Bill Brock, President Reagan's trade representative, "we will have to decide what steps to take." Members of the Senate Foreign Relations Committee are even less diplomatic. Chairman Richard Lugar says a 20-percent tariff on Japanese products until Tokyo cries uncle. Japan-bashing is in, and there is reason. Japan has resisted pleas to open its markets to products ranging from medical equipment to communications satellites. Now, as part of a campaign to convince the Japanese that Washington means business, the administration is hinting at retaliation.

Such tactics might make sense if they were sure to work and sure to do no lasting damage to the political alliance. A lowering of Japanese import barriers would be a good thing for both economies. Japan's policymakers owe foreigners, and themselves, an honest effort to open their economy to foreign competition.

But liberalized trade cannot do much for beleaguered American exporters — not until the exchange value of the dollar declines. So there is little logic in putting the political alliance at risk or penalizing American consumers with retaliatory tariffs.

Protectionism for the Japanese economy. It sharply raises costs for Japanese consumers and deprives Japan's less-efficient industries of the competition they need to become productive. But the Japanese government's tenacious defense of trade barriers is nonetheless understandable in political terms.

The ruling Liberal Democratic Party copes with conflict by smothering it, until a consen-

sus can be reached in private. That gives interests that speak stubbornly and with a single voice great power to prevent change. It is because of such politics that Japan's tiny farm sector can get away with charging 45 percent more than world prices for food; that mom-and-pop grocery stores can block construction of supermarkets; that a few hundred fishermen can dictate Japan's diplomatic stance on whaling. Consensus politics also explains why foreign demands for access to Japanese markets have met with so little success.

Even if exporters got their way, it is not clear that America would gain much. Some industries, notably telecommunications, could profit. But for all the huffing about fair trade, nobody who has bothered to look at the numbers believes that eliminating all trade barriers could increase exports to Japan by more than \$10 billion a year. That would hardly be more than a statistical blip in the \$140-billion U.S. trade deficit. Mr. Brock candidly admits his "nightmare" that the Japanese do all the things we ask them to do and nothing changes.

The 70-percent rise of the dollar in the last four years has devastated efficient American exporters and cost them thousands of jobs. It is only natural that these companies now demand a chance to sell their goods in the few markets where they still have a price edge. But Japanese trade policies, however stacked, Japan's way, are not a primary cause of America's export problem. Reforms would be only a minor part of the solution. With so little to gain, Japan-bashing just is not the answer.

—THE NEW YORK TIMES.

Going After the Mafia

A federal grand jury in New York has indicted nine Mafia figures, charging them with such crimes as extortion, labor racketeering and complicity in murder. Last year there were more than 3,000 indictments of organized crime figures in America, but this case is different. Prosecutors say they have, in this one sweep, reached top leaders of the Mafia, which the indictment depicts as an ongoing criminal operation in America since 1900.

The investigation was a cooperative effort involving the Justice Department, the FBI, state and city police, the New York State Organized Crime Task Force and the Brooklyn district attorney. U.S. officials received assistance from their counterparts in Italy. Crucial evidence was obtained by state officers who were able to plant a bug in a Mafia car. Leadership and determination were provided by FBI Director William Webster, whose decision to make the Mafia a top FBI priority is a welcome departure from the policies of his predecessors and deserves praise.

Forget about that nice Marion Brando worrying about his tomato and his grandchildren. Don't be misled by the cute names — "Tony Ducks," "Joe Bananas." Not only are these people charged with specific acts of violence and crime, they also run a tightly organized crime empire. More than gambling, drugs, loan-sharking and prostitution are in-

involved. Legitimate industries are nearly captured through the use of force, threats and sabotage, and forced to pay tribute. The New York indictment, for example, charges that the Mafia decided which companies would get large concrete-pouring contracts in New York. They designated the contractor who would make the successful bid, took large kickbacks on the contracts and punished businessmen who would not cooperate by stopping their access to supplies or by creating "labor problems," with the cooperation of corrupt union leaders. The indictment charges Mafia leaders with ordering murders both of outsiders and of competing bosses within the organization.

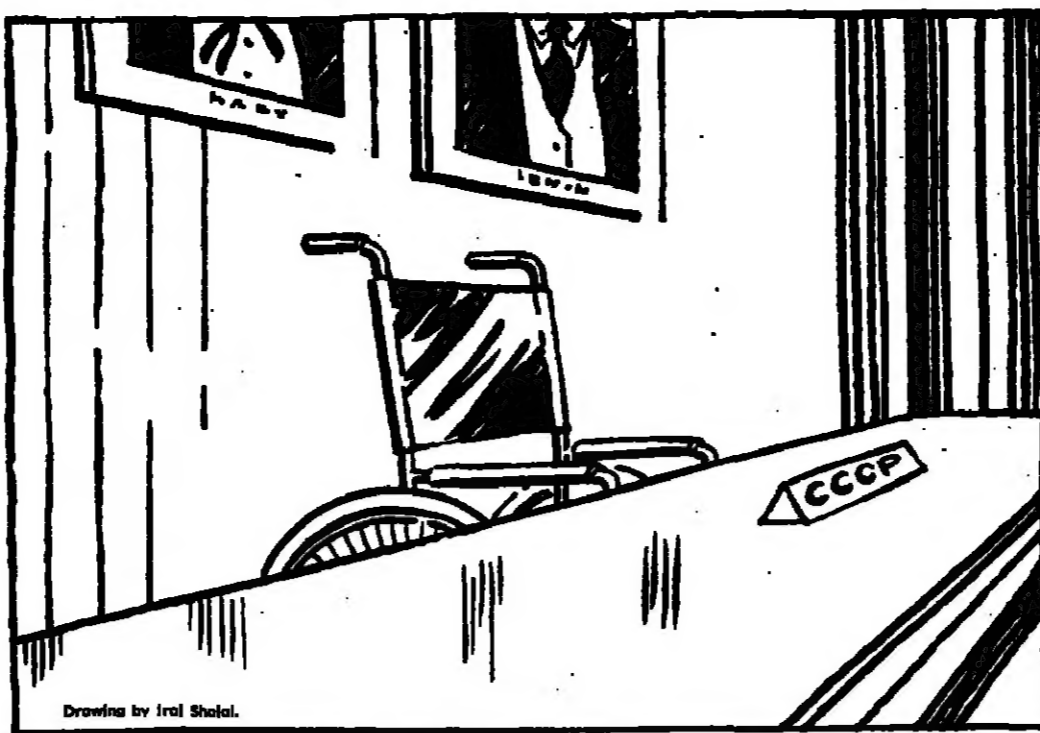
The Mafia does not run all the organized crime in America. A Florida law enforcement official warned last week that Colombian crime families who control cocaine traffic and counterfeiting are, in his opinion, "totally psychopathic... cold-blooded killers" who make the Mafia look good by comparison. Justice Department lawyers have no illusions about the difficulty of combating those syndicates. But they are optimistic about breaking the Mafia. U.S. Attorney Rudolph Giuliani says that four or five years of indictments like the ones handed down last week, and prosecutions of successive waves of leaders will destroy the organization.

—THE WASHINGTON POST.

FROM OUR MARCH 12 PAGES, 75 AND 50 YEARS AGO

1910: U.S. Warships to Use Oil Fuel
WASHINGTON — The American naval authorities have not been found asleep by the report that Great Britain has decided to adopt oil as fuel. The keen competition between the two navies is to continue. Naval officers say that the real test will be found in the development of oil fuel as an agent in an increased radius for greater speed. Realizing the tremendous advantage which the American oil fields offer, naval officers say that the time has come to take advantage of the situation and that oil for warships is here to stay. While practically every ship is constructed so that its machinery can be converted from coal to oil, all new battleships will have oil tanks.

1935: Dane Stages a 'Nazi' Hamlet
COPENHAGEN — The line from Hamlet, "Something is rotten in the state of Denmark," has provided the young Danish dramatist Kaj Munk with the theme of a work that has stirred up a violent controversy in theatrical and political circles here. Mr. Munk thinks that there is something rotten in the present state of Denmark. To emphasize his opinion he staged a fantastic version of Shakespeare's tragedy with plenty of interpellations embodying his views. In the Munk version, Fortinbras is a Nazi who arrives by airplane to save the country from the failure of democracy and parliamentary rule. The first-night audience couldn't make up its mind whether to boo or laugh.



Drawing by Irad Shohet.

Exit Chernenko, as His Men Return to Arms Talks

By Joseph Kraft

WASHINGTON — Death had its logic in claiming Konstantin Chernenko just before Big Two arms control talks resumed in Geneva. For the one achievement of Mr. Chernenko's brief time in authority was the renewal of the arms talks.

It is fit, too, that at the time of death a colleague in the Politburo, Vladimir Shcherbitsky, was in the United States probing American attitudes. For what Mr. Shcherbitsky has been saying provides a strong sense of how the Soviet political leadership views arms control and its problems.

Technically, Mr. Shcherbitsky came to America in an exchange program between the U.S. Congress and the Supreme Soviet, Russia's rubber-stamp parliament. Before cutting short the trip to return to Moscow for the funeral, the delegation of 33 persons spent four days in Washington. Both in public and in a private session with President Reagan, arms control was the prime subject.

Most of the public statements were made by well-known members of the delegation, General Nikolai Chervov, a leading military figure in arms control, repeatedly let it be known that if the United States went along with its "star wars" program for anti-missile defense, the Russians would take appropriate countermeasures, including a buildup of offensive weapons. And Georgi Arbatov, of the Institute of the U.S.A., intimated in a Washington television broadcast that U.S. pursuit of "star wars" would "ruin" chances for arms control.

But Mr. Shcherbitsky is not to be confused with those smaller fry. He is a Soviet pol, a member of the Politburo since 1971, and first secretary for the Ukraine since 1972. One Reagan administration official who spent time with him was reminded of America's last potent big-city political boss, "Shcherbitsky," he said, "is a Russian Mafia Daley."

Like the late Chicago mayor, Mr. Shcherbitsky is national politician, a rising star in national politics. He rose as a protégé of Leonid Brezhnev. He had close ties to another Brezhnev protégé — Mr. Chernenko. Like Mr. Chernenko he was identified with the faction in the Kremlin that promoted détente with the United States in the

early 1970s. Mr. Shcherbitsky was named Ukrainian first secretary on the eve of the Brezhnev-Nixon summit meeting of 1972. That move assured Mr. Brezhnev a majority for détente within the Politburo.

In a formal statement distributed by Tass, Mr. Shcherbitsky echoed the hard line on "star wars" set out by General Chervov and Mr. Arbatov. But he sounded a different note when he spoke to reporters on the White House lawn after a session with President Reagan. Asked whether a Big Two agreement on arms control was possible, Mr. Shcherbitsky said:

"In all the previous agreements there were some compromises and we are ready to agree to a number of compromises. If the United States will go along that line, then a compromise agreement could be achieved and the people would breathe freer. The Soviet Union regards the United States with great respect, and no one in my country thinks about attacking the United States...."

The contrast between that conciliatory tone and the harsh line of the lesser lights underlines a problem confronting Russia in the Geneva

talks. To keep their own people alert and disciplined, Russian officials have to enter the talks sounding off about the menace of Western imperialism. That is particularly true now during the time of transition required by Mikhail Gorbachov to consolidate his power as general secretary in place of Mr. Chernenko.

But the Russians cannot bluff and puff about the talks on the long-range intercontinental missiles; not about the negotiations on the intermediate-range Euro-missiles. They walked out of those sessions in 1983. But since they have now returned voluntarily, the talks cannot be all bad. Threats, far from uniting Russians and dividing Westerners, only serve to remind the world of a Soviet failure.

"Star wars," however, is a new item on the agenda. It has aroused apprehension among many Americans and Europeans. If "star wars," as claimed by its proponents, puts the United States on the road to a more effective defense against missiles, it is only logical for the Russians to step up their offensive capabilities.

So for all these reasons, dutiful exponents of the Moscow line are

The Question in Geneva: Is Arms Control the Aim?

By Flora Lewis

PARIS — After all the briefing, there is still considerable confusion among allied officials as well as in the general public about the American approach to the Geneva arms talks. This is not surprising.

At the last minute the White House said that the American negotiators would have "half a dozen options" to pursue from the start. This was explained as providing "more flexibility" to the team. In fact it shows that the long fight on arms control inside the Reagan administration still has not been settled.

A group of the best-informed congressional leaders found it necessary last week to condition support of the president's nuclear weapons program on signs of U.S. "good faith" in Geneva. Questions of Soviet "good faith" are usual, but this means con-

gressional leaders know that key administration battles continue.

All indications are that the Soviets have not decided on their basic approach, either, so in a sense there is still time for Washington. But there is a better chance for provoking Soviet compromise if the United States knows what it is really after.

So far the two crucial elements of the American position that appear to be common to the variety of official statements are:

• Persuade the Soviets to change their arsenal from prime reliance on heavy, multiple-warhead land-based missiles to a mix that would reduce their capacity for a first strike. It is implicit in the call for "deep reductions" and for a change in the method for counting forces.

• Persuade them to consider eventual revision of the anti-ballistic missile treaty looking toward introduction of widespread missile defenses.

But how to go about this, and most important, the real goal, are still very much in dispute.

Paul Nitze, now special adviser to the secretary of state, has delivered the one comprehensive, lucid answer to come from the administration. Mr. Nitze is no longer a negotiator. He says he is laying out the agreed position, and as a veteran, loyal public servant. But almost everybody else

Nitze's aim would be to sell the Soviet side on agreements that 'serve their national interests as well as ours.'

speaking for the administration is saying something different.

Mr. Nitze's "strategic concept" envisions three phases. In the near term the next decade, it would seek to curb "entirely too high" offensive arsenals but still rely on retaliation for deterrence. Both the United States and the Soviet Union would conduct research on missile defense but "entirely in conformity with the ABM treaty." Any changes would require agreements beforehand.

In a transition period during late decades, the concept envisions a "cooperative endeavor" to move toward an offense-defense mix. First it would have to be established that "star wars" defense meets two exceedingly tough requirements: I would have to be "invaluable," a term it would not just add and target a tempt a first strike; and it would have to be "cost-effective" — cheaper than adding offensive missiles and countermeasures to overwhelm it, and thus not just escalating the arms race. Mr. Nitze stresses that if this is to be achieved, defenses would be introduced only by agreement, "at a measured pace" and in a "regulated and phased way." Ultimately the goal is to rely on defenses, bringing other nuclear powers and other types of nuclear arms under the agreements.

This makes sense. One may disagree at various points, but it is coherent. It is an arms control position. Mr. Nitze says realistically that the transition "could be tricky," which is quite different from Undersecretary of Defense Fred Ikle's claim that the process is inherently "stabilizing."

Mr. Nitze's conception reflects the underlying argument in Washington and the reason for the congressional group's unease. At all steps, he accepts the need for "mutuality" of Soviet and American interests. He says that the aim of the exercise is to convince the Soviet side that projected accords will "serve their national interests as well as ours." The goal he sets forth is "stable and reliable" strategic relations.

Mr. Nitze has an established record as a hawk. He has no doubt that Moscow wants a communist world and no intention of ceding anything that would make it more possible. But he also knows that the United States cannot expect to "prevail" by force, and that the world needs peace.

This is the critical, central point. Should the United States arm and negotiate to "stabilize" or to gain time in the illusion that it can win? The fate of humanity may hang on the answer. Let us hope that Mr. Nitze's concept will be included in President Reagan's instructions to the American team.

The New York Times.

Meanwhile, Proliferation Approaches

By Sadruddin Aga Khan

GENEVA — Readers of the International Herald Tribune have been treated to a number of interesting articles on nuclear disarmament. However, the most important dimension of the nuclear arms race has, with one or two notable exceptions, been missing.

As under the media are lights the American and Soviet negotiating teams begin the painstaking business of trying to decide how many high-tech warheads to allow each other, and whether they can take their competition into space, probably at least a dozen, countries are pressing on with a much more mundane activity.

Those countries are building unpretentious little bombs that the Americans and Soviets would barely design to count in their estimates of

each other's firepower. But these are still nuclear warheads that would cause huge human suffering and could blow a big hole in world peace.

East-West relations have for so long been the frame within which some people have viewed the threat of the bomb that proliferation — that is, an increase in the number of bomb-owning countries — is overlooked. There are four reasons for believing that proliferation will not be low for much longer.

First, the climate of thinking in the Third World is changing significantly. When a group of national leaders met late in January in Delhi under the chairmanship of Rajiv Gandhi, they were bitterly critical of the superpower arms race but they no longer repeated a pledge against proliferation. There is a groundswell of thinking that, yes, the bomb is dangerous and has a destabilizing effect, but if others are not going to renounce it, why should the Third World leaders continue to postpone ambitions for a bomb of their own?

In a world with bombs, not to have it may seem more dangerous than having it. There are a handful of confederations around the world — in the Indian subcontinent, the Middle East, southern Africa — where if one side announced it had the bomb, that would radically change the reckoning, at least in the short term.

Second, overlying this thinking is a belief that the five nuclear powers behave as though the bomb were their exclusive business. Now the U.S. Defense Department has conceded that the damage to the climate which even a limited nuclear exchange would cause would be widespread. Like it or not, Third Worlders would be victims of the First World's war, should it ever happen. This triggers a deep sense of grievance.

Third, "star wars" talk is misleading because it revives the myth that

nuclear weapons are somehow a fancy technology. Not so anymore. And the commercial ambition of Western firms, pushing nuclear power as hard as they can, means quite enough plutonium or uranium has been left around to provide the means for a bomb. Bomb-making is now a feasible option for many governments and also for terrorists. One government reportedly is developing a suitcase size bomb because that happened to be the set of plans that its nuclear industrial espionage turned up.

Fourth, even if proliferation has been a hidden sub-plot to the superpower nuclear drama, leading members of the cast are interested. I am organizing a meeting in Geneva in June to give the issue the airing it deserves, and I have been agreeably surprised by Soviet and American response. On the American side, Richard Perle, the Pentagon hardliner, and Senator Edward Kennedy have both said they will be coming. Anatoli Gromyko, son of the foreign minister and head of his country's Africa institute, will lead the Russian group. They are going to meet equally prominent figures from elsewhere in the world and their discussions will be in front of the world's press.

But such a meeting must do more than put the issue higher on the international agenda. Nuclear weapons have, according to their supporters, given Europe 40 years of an underlying balance of interest in restraint on both the Soviet and the American sides. Now both must face up to the fact that they have effectively lost their nuclear monopoly and that the potential for nuclear conflict is being imported into regional situations where they do not so clearly call the shots and where the incentives for restraint may be fewer.

If the superpowers want to make the world a less dangerous place, they must not talk just to each other but turn outward and start listening to and bargaining with the rest of us.

International Herald Tribune.

Mere Growth Can't Cure The U.S. Budget Deficit

By William H. Gray 3d

The writer, a Democrat from Pennsylvania, is chairman of the Budget Committee of the U.S. House of Representatives.

WASHINGTON — Will the real President Reagan please stand up? Or, at the very least, he tell us whether he thinks America has a deficit problem?

On the one hand there is the President Reagan who delivered, as only he can, a stirring and uplifting State of the Union address on Feb. 6. He said that the best way to reduce deficits is through economic growth — that "each added percentage point per year of real GNP growth will lead to a cumulative reduction in deficits of nearly \$200 billion over five years."

Then there is the President Reagan who signed the president's budget message of Feb. 4. Here he acknowledges that America faces deficits of \$225 to \$250 billion over current policies, and says that he wants to cut spending by about \$240 billion over the next three years to reduce them.

While the budget message does not name any of the "excessive federal benefits" that Mr. Reagan proposes to eliminate or reduce, David Stockman follows with several hundred pages of painful detail. Strangest of all, there is no mention of "growing our way out" of the deficit. Indeed, Part 3 of the budget explains why it is "highly unlikely" that the economy could grow continuously, without high inflation, at 5 percent a year — i.e., that "added percentage point per year" above the optimistic 4 percent assumed in the budget.

Because the president has given such ambivalent signals, there is real doubt in the land whether a deficit-reduction effort is necessary. The House Budget Committee recently held hearings about the country to find out what the deficit and the president's budget proposals mean to Main Street. Not surprisingly, we found many citizens who were not eager to climb aboard the Spending Cut Special. Many are simply puzzled. If the president's economic program has worked as well as he claims, if indeed we are safely launched on a second American revolution of hope and opportuni-

ty, why worry about the deficit? Main Street's puzzlement and reluctance, of course, are reflected in Congress, especially as spending reduction moves from rhetoric to painful real choices. Unfortunately, the reality is this: We are not going to outgrow Mr. Reagan's deficits. The evidence of the last several years is compelling: The United States has now had more than two years of near-record recovery, faster than almost anyone projected, yet the deficit has not fallen. The recession-bloated deficit in 1983 was \$195 billion; in more prosperous 1985 we expect \$203 billion.

Why? Simply because the Reagan administration's tax and spending policies have produced a structural deficit — that part of the deficit not related to economic performance — that rises too rapidly to be submerged by the rising revenues from economic growth.

Without the growing structural deficit, the strong economic recovery should have reduced the deficit by about \$70 billion in the last two years. However, the structural deficit has expanded at the same time by slightly more than \$70 billion, offsetting the effects of recovery. In the next few years the situation will get worse. As expansion inevitably slows, its deficit-reducing effects are sharply reduced. But the structural deficit keeps growing by about \$25 billion each year to the end of the decade.

So the problem is real enough, and many of us in the House and Senate, Democrats and Republicans alike, are trying to mobilize our colleagues and the American people to accept the harsh necessity of painful spending cuts.

We need the president's help. We need his support eventually for a budget that is fairer and more balanced than his proposal. Most of all we need his leadership now in explaining to America that the deficit problem is real; that we are not going to outgrow it with supply-side hormones. And that the cuts are going to hurt.

The Washington Post.

Europe in Perspective

Regarding the editorial "Europe, Don't Despair" (March 2):

Congratulations. Your editorial is right on target and puts the current malaise in Europe in perspective. Europe does have difficulties, but they need not be permanent. America's recent recovery is due in large part to a renewed faith in itself, kindled by an administration with a strong and determined leader. Europe cannot have a single "knight on horseback," but, as you so rightly point out, a cooperative consensus and creative leadership within the European Community and the European Free Trade Association can help restore both her economic and her moral strength.

BARRY EDGAR, Epalinges, Switzerland.

Contraception, Abortion

As an American living abroad, I am deeply interested in the politics of my country but, currently, more and more puzzled by them. President Reagan has cut off funds to the International Planned Parenthood Federation because some of those funds went for abortions or abortion counseling. Of eight anti-abortion bombings in the Washington area, three were of Planned Parenthood offices. The anti-abortion lobby opposes contraceptive aids on television.

LETTERS TO THE EDITOR

Europe in Perspective

Apparently America is split between those who oppose abortion on demand and contraception, and those in favor of both. Yet there must be many Americans who feel that abortion is wrong and should be used only with an overriding reason, while contraception is practical and a matter of good sense, with no moral dimension one way or the other, and it should be freely available. Is there no organization for them?

American seems to be experiencing a collective blindness to an obvious fact of late 20th century life: We need more birth control so that we will have fewer abortions.

DAVID MILLER, Brussels.

In Defense of the Miners

In response to the editorial "After the Coal Strike" (March 3):

I was amazed by your interpretation of the facts. The miners' strike was a long and bitter industrial dispute, complicated by violence and intransigence. But surely the miners deserve more than a patronizing dismissal of their cause because of "market economy" reasons.

The issues were complex, and your assertion that the strikers were demanding to be subsidized by the British people is offensive.

MARGARITA MacLAREN, London.

Why Macmillan Resigned

Columnist William Safire, in "Steps Britain Should Take to Prevent a 'Maggie' (Feb. 19), was quite wrong to say that Prime Minister Harold Macmillan "honorably resigned" over the scandal surrounding John Profumo. Mr. Macmillan resigned in October 1963 because of ill health — indeed, from his hospital bed — several months after making clear that he was not going to resign because a minister in his government had lied to the House of Commons.

JEFFERY PHILLIPS, Limassol, Cyprus.

Whither Philosophy?

In response to the report "Curricula in 'Disarray' U.S. College Group Says" (Feb. 12) by Edward B. Fiske:

I am amazed that philosophy is not listed among the "experiences" recommended by the Association of American Colleges. No indication that the "science of wisdom" exists? We should not cram philosophy on theology down anyone's throat, but "Quo vadis?" is still pertinent.

J.P. CANNIZZO, Zurich.

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NIGERIA

A SPECIAL ECONOMIC REPORT

TUESDAY, MARCH 12, 1985

Page 7

Foreign Policy Puts Economic Shield First

By Alexander Thomson

LAGOS—Hardly a day goes by without a report in the Nigerian press of yet another government measure to stamp out smuggling and control the country's porous borders. Yet, it is still possible, although more difficult, to drive along bush tracks to the market in Ibadan, Benin's capital, and buy contraband with local-market naira. To the north, Hausa traders cross borders to deal with their counterparts in Niger.

D-ton trucks rear across the remote eastern state of Ibadan into Cameroon, and Nigerian goods are peddled on sale in Chad's capital of N'Djamena. Nigeria is surrounded by four francophone countries, all of which use the French-supported CFA franc, a firm currency in comparison to the overvalued naira. Nigeria is the largest and most attractive market in the region, the price of its oil is the cheapest, and the neighboring countries have for years benefited from legal cross-border trade to which they usually have been a blind eye.

Inevitably, this has led to tensions. The decision to close all borders, taken last year by the military government in the midst of a currency changeover, hurt Nigeria's neighbors badly. Despite strong pressure, Nigeria has kept those borders closed, although it is allowing, on a case by case basis, emergency food aid to cross its borders into famine-stricken Chad and Niger.

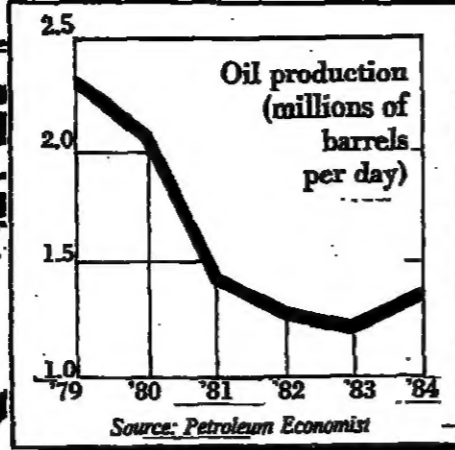
Earlier this year, Nigeria also signed agreements with Togo, Ghana and Benin to further control cross-border smuggling through cross-border cooperation, an extradition agreement and measures to stop the flow of illegal immigrants, an issue that flared up two years ago with the expulsion of millions of illegal foreigners and that could pose further problems with the influx of refugees and tribes displaced by the famine and drought in the Sahel.

Nigeria is aware of the sensitivities of its smaller neighbors and is anxious not to appear the inconsiderate bully. Despite what may seem selfish measures, it is setting out to revamp the largely moribund regional grouping of the Economic Community of West African States (ECOWAS), in which it hopes to play a more active role.

But while regional cooperation is a priority, Nigeria argues that it must put its own interests first. As the external affairs minister, Ibrahim Gambari, bluntly put it in a recent interview: "The closure of the borders may be a bad thing, but the collapse of the Nigerian economy would be worse for all."

One of the major obstacles to true regional cooperation, as seen from Lagos, is the existence of other regional groupings, particularly the Economic Community of West Africa (CEAO), which brings together francophone African countries that are tied to the same strings of the former colonial power, France. Although Nigeria seems to have forgiven France's close support of the Biafran secessionist movement, relations remain ambivalent. France is a major trading partner, French interests in Nigeria are more substantial than in any of its former colonial possessions. But

(Continued on Page 9)



Investment Needed to Assure Oil Output

LAGOS—Nigeria faces huge spending to develop new oil fields over the next few years if the country is to avoid a steep decline in production capacity, industry executives here say.

The need for heavy investment in developing fields comes at a time when the government is desperately short of funds, but oil executives here see little alternative.

"Oil is so far the only thing of substance that makes our economy tick," Tam David-West, the oil minister, observed in an interview.

He added, however, that, in line with its austerity program, the government was likely to postpone parts of its ambitious plan to develop a petrochemical industry.

The country's production capacity has fallen swiftly from a peak of about 2.4 million barrels a day in 1979.

Mr. David-West estimated current capacity at 2 million barrels a day, but foreign oil executives put it at 1.8 million or 1.9 million.

While capacity remains well above Nigeria's OPEC production quota of 1.45 million, it is falling about 10 percent a year, and some oil executives say it is likely to be around 1.5 million barrels a day by the end of 1987.

That would limit Nigeria's ability to take advantage of any rise in oil demand.

Nigeria has plenty of undeveloped reserves to tap. The local affiliates of Mobil Corp., Royal Dutch/Shell and Chevron Corp. all appear eager to develop sizable discoveries, provided the terms are attractive.

But Nigerian National Petroleum Corp., or NNPC, the state oil company, which on average puts up 70 percent of the cost, has not scheduled any major developments for this year.

Since fields take two or three years to develop, there is little prospect of reversing the slide in

production capacity for several years, some executives argue.

Others contend that there is no need to rush development of new fields, given the outlook for demand, and Mr. David-West said he did not foresee any squeeze on capacity over the next few years.

Exploration also is declining, partly because oil companies doubt they will be able to increase their Nigerian production substantially anytime soon. The number of drilling rigs operating has fallen below 10 from around 30 four years ago. Dresser Industries Inc., a big U.S. oil-services company, has slashed its staff and closed its office in Port

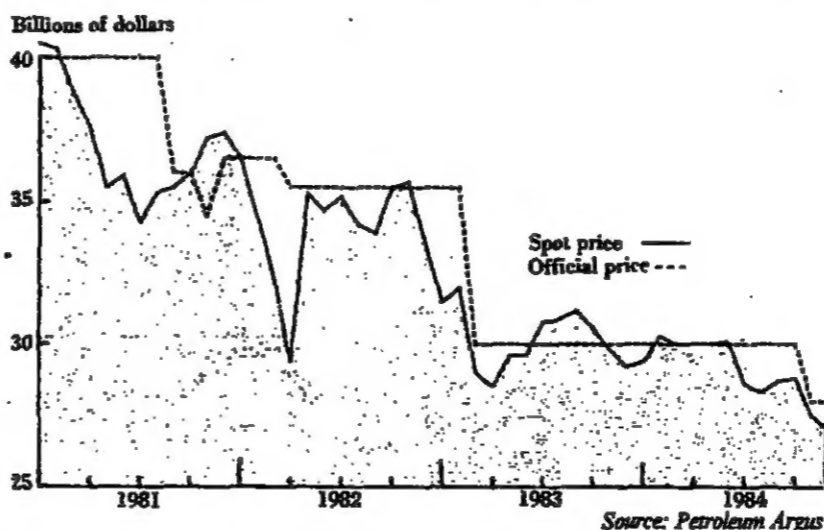
Harcourt. Other oil-services concerns also have reduced their staffs or pulled out.

For its part, NNPC is drilling in the Chad basin, an untested area in northeastern Nigeria. That program so far appears to have produced nothing exciting. For their part, the foreign-affiliated oil companies have shied away from drilling in northern Nigeria, preferring to stick to the southern deltas and offshore areas, where Nigeria's oil production is concentrated.

Despite the strengthening of world oil prices, Mr. David-West said Nigeria remained ready to

(Continued on Page 10)

NIGERIAN LIGHT: A HISTORY OF PRICE-CUTTING



Going It Alone: Austerity Puts Nation to Test

By Bob Hagerty

LAGOS—Nigeria is testing the limits of how much austerity an oil-rich country can bear.

In an attempt to resurrect the economy and pay its debts on time, the military government has slashed imports and spending in a way few countries have managed. "We are paying our debts and we are no longer begging anybody," Major General Mohammed Buhari, the head of state, said in his budget speech in January.

In most countries, the foreign bankers would be cheering. Here, they credit the government with impressive belt-tightening but are uneasy with the Nigerians' insistence on healing their economy in their own way.

Many foreign bankers and businessmen—and a few Nigerians—argue that the country needs to take the conventional cure: a major devaluation of the currency, an agreement to borrow from the International Monetary Fund and a modest postponement of its medium- and long-term loan payments. The present course, these critics say, threatens to strangle what little industry Nigeria has and fails to address the fundamental problem of an overvalued currency.

"You wonder," says a foreign accountant, "if the belt isn't around their neck instead of their stomach."

Whatever the merits of the government's self-reliant strategy, Nigeria is for now a case of arrested development. The office towers in central Lagos glint on the outside and crumble within for lack of maintenance. Hawkers wade through the dust and the traffic jams, waving maps, toilet paper and even telephones. Business is slow all over, and everyone is waiting for a recovery that the government says will take several more years to attain.

Four years of falling oil prices have been devastating. Although the country still exports small amounts of cocoa, tin and rubber, oil accounts for more than 90 percent of export earnings.

The slump has reduced Nigeria's oil revenue to about half the 1980 peak at a time when the country faces a bunching up of repayments on debt contracted in the euphoria of the 1970s. Meanwhile, farm production continues to fall short of population growth and the country relies on heavy imports of grain and rice.

Faced with this situation, the government has laid off many civil servants, reduced social benefits, postponed major industrial projects and imposed harsh penalties for those caught stealing from the state, including the death sentence for smugglers of oil products.

Through such stern measures, the generals reduced the government's budget deficit to 3.3 billion naira (\$4 billion at the official exchange rate) in 1984 from 6.2 billion naira in 1983.

They also have shown determination to pay off Nigeria's \$20 billion or so of external debt. Payments on medium- and long-term debt have been kept current, and the government slowly is beginning to refinance the estimated \$6 billion to \$9 billion of arrears on trade debt built up in the last two years of civilian government.

Paying debts so quickly is painful, however. General Buhari estimated that this year's debt payments would consume 44 percent of the government's foreign-exchange spending. Estimates of debt payments over the next few years vary widely, but many bankers believe debt servicing will continue to eat up about half of available foreign currency through 1987.

So there is little left over for imports. This year the government projects that they will fall another 33 percent, to around 3.2 billion naira, less than a third of the average for 1980-1982.

"We are paying the price for the oil boom," said E.A.O. Shonekan, chairman and managing director of UAC of Nigeria Ltd., an affiliate of Unilever and the country's biggest company. What the government must teach Nigerians, he added, is "that you have got to work hard before you can spend money."

Only the favored industries will receive enough import licenses to stay healthy. Others face the choice of scrambling for local raw materials or closing down.

As one way to reduce imports, the government is stressing agriculture, to which nearly a fifth of 1985 capital spending is devoted. But Nigeria's farm economy is in sorry shape.

"It's full circle," lamented an American banker with decades of experience in Africa. "Nigerian agriculture has literally gone to seed."

Oil riches in the 1970s allowed the Nigerians to acquire the habit of eating more of such import-dependent luxuries as rice and bread and less of such local staples as cassava, yam and plantain. Twenty years ago Nigeria was a big exporter of palm oil and peanuts; now both are imported.

To deal with the situation, the government is requiring banks to lend more to farmers. Big Nigerian food companies, such as A.G. Leventis & Co. and UAC of Nigeria, are being forced into agricultural projects as a way to obtain raw materials they can no longer import.

The government hints that it might allow foreign companies to take as much as 80-percent ownership in some agricultural projects, though there have been conflicting statements on the matter. "Our doors are open," insists Bukar Shaib, the agriculture minister. But most foreign companies are waiting for details of the incentives before striding in.

Certain industries are receiving favorable treatment as government priorities, among them petrochemicals, fertilizer, cement, sugar, paper, steel and the long-discussed proposal to produce liquefied natural gas.



Inset: Central Africa/1981

Journalists Run Counter New Restraints on to Tradition

Special to the IHT

ABIDJAN, Ivory Coast—Nigeria, which once had the reputation of having the freest press in Africa, as had to cope with restrictions on its media since the military seized over 14 months ago.

Two prominent Nigerian journalists are serving prison sentences for their reporting. Another has been held without trial for more than a year, and many others have been detained for weeks for questioning without being charged. Nigerian journalists say that the situation has led to a considerable weakening of the mass media's independent stance and has virtually ended investigative reporting.

Nigeria's journalistic tradition is long and distinguished, dating back 25 years, when the first Nigerian newspaper was founded. It is a tradition that, like the Nigerian people, includes a feisty independence

and love of palaver. It is also a tradition that places its leaders under close scrutiny.

The electronic media in Nigeria, including more than 20 television and 40 radio stations, is entirely owned by the federal and state governments. As a result, they tend to be more conservative and less controversial. In the print media, however, private ownership is allowed, and 16 major daily newspapers and countless weeklies compete for readership and advertising revenue.

Many of the largest dailies are owned by wealthy individuals with political ambitions or, during the era of civilian rule, by political parties. As a result, during the 1983 election campaign, many members of the mass media became highly partisan. Charges and countercharges against politicians, often unsubstantiated, were published, and the only recourse for an of-

fended party was a lengthy and costly court case.

In 1983, when the military overthrew the civilian government of Shehu Shagari, it made it clear that it would impose some restraints on the media. The head of state, Major General Mohammed Buhari, told Nigerians six weeks after the coup that although he supported a free press, a section of the media was capable of abusing that freedom to the point of endangering national security.

The general said he had been unfairly treated by the press when, as head of the Nigerian National Petroleum Corp. during the government of Lieutenant General Olusegun Obasanjo, who took over in 1976, he was accused of diverting 2.8 billion naira (about \$3.5 billion). He said that if it had not been for the judicial inquiry that dismissed the allegation, he would have been "lynched."

In April 1984, the federal military government issued Decree No. 4, which stated, in part, that any person who disseminated false information about the government could be sentenced to up to two years in prison; an organization that gave out false information would be fined a minimum of 10,000 naira.

The decree also gave the government the right to seize any equipment used to disseminate such information, thus making it possible to close down virtually any offending organization. The decree was welcomed by some journalists, who had criticized certain of their colleagues for a lack of responsibility. However, most objected to sections of the decree that stated that publishing any news reports that ridiculed or embarrassed a government official was also an offense, that the burden of proof was on the journalist and that cases would be judged

by a special military tribunal composed primarily of military officers.

The tribunal soon had its hands full. Two journalists for The Guardian, a young newspaper that had been outspoken and often critical of government, were put on trial under Decree No. 4. The diplomatic correspondent, Tunde Thompson, and the assistant news editor, Ndika Irabor, were charged with publishing a false report on proposed ambassadorial changes in a number of Nigerian embassies.

When, much later, the appointment list was released officially, nearly half of the dozen changes announced by The Guardian were correct. Because of the inaccuracies, however, Mr. Thompson and Mr. Irabor were each sentenced to a year in prison and the newspaper was fined 50,000 naira.

Sources close to the case say that the military government was less

upset by the inaccuracies in the article than by the fact that it had been leaked from a senior level in the military command. The government wanted to know the source of the list but the journalists refused to reveal it.

Other more prominent journalists were detained sometimes for weeks for questioning. They included the editors of The Guardian, the National Concord and The Punch. In fact, the editor of The Punch has been in prison for more than a year. He has yet to be charged.

In July 1984, many senior executives in the government-owned media were removed. In August, it was reported that civil servants had been forbidden to talk to reporters.

And in September, the government established a committee to monitor the media.

The government's moves provoked a strong reaction from the media.

(Continued on Page 9)



Assembling Peugeot automobiles at the Kaduna State factory.

U.S.-Nigerian Relations in a Holding Pattern

By John M. Goshko

WASHINGTON—As Nigeria's 14-month-old military government struggles to restore the country to prosperity, relations between the United States and black Africa's economically troubled, oil-exporting giant have lost the high-priority character they had in the days when Washington viewed Nigeria as the pivotal country of the region.

But they remain generally cordial.

U.S. officials and diplomatic sources say that relations have not been affected adversely by the fact that Nigeria's financial plight has been caused, in part, by the precipitous drop in American demand for the oil that provides the bulk of Nigeria's foreign exchange earnings.

According to the officials, Nigeria recognizes that the loss of its once pre-eminent position in the U.S. oil market was due to natural market forces rather than any calculated trade discrimination. Despite greatly decreased U.S. purchases of Nigeria's expensive, high-grade oil, the United States still absorbs roughly 30 percent of Nigeria's total exports, while providing only 7 percent of Nigerian imports.

The officials said that present U.S. policy assumes that the government of Major General Mohammed Buhari, which took power after a military coup at the end of 1983, will be preoccupied for some time with internal problems of debt management, imposing economic austerity on its people and attacking inept management and corruption at every level of government.

Given the inward-looking nature of Nigeria's policy priorities, the officials added, the United States is basically in the position of a friend, standing ready to offer encouragement and ad-

vice. But, the officials stressed, even that must be done with a discreet concern for Nigerian sensitivities about outside interference.

That is particularly the case in respect to Nigeria's hopes of rescheduling payment on the insured trade debt that it owes to foreign governments. This plan would be along the same lines as the rescheduling agreement it reached in 1983 with 60 foreign banks. Under present circumstances, the Buhari government will have to spend an estimated 40 percent of its foreign exchange earnings on debt service, and it wants to stretch out payments to its government creditors.

The relationship reflects restrictions and diminished expectations stemming from Nigeria's struggle to recover.

However, the major creditor countries—the United States and the members of the European Community—have adhered to a strict policy of not rescheduling insured debt until the debtor nation has agreed with the International Monetary Fund on putting an austerity program in place.

Up to now, the government has been unable to come to terms with the IMF. It fears the political consequences of asking its people to accept even bigger doses of austerity in the form of currency devaluations and reductions of domestic subsidies for petroleum products.

The U.S. position, as described by one State

Department official, "is to avoid any suggestion that we are beating on them to accept the IMF's demands."

Instead, the United States, while quietly pointing out the advantages of being able to tap IMF technical expertise and possible loans, has said that it is up to the Nigerians and the IMF to work out their differences.

The restricted nature of the present relationship represents a major shift from the high hopes that U.S. policymakers had for Nigeria when it gained its independence from Britain in 1960. Then, U.S. diplomats assumed that Nigeria, with its large population, its oil wealth and its British-trained ruling elite, inevitably would reach beyond West Africa to become the leader of the black African bloc of nations.

The visit of President Jimmy Carter to Nigeria in 1979 was intended as a symbolic recognition of Nigeria's importance and of Washington's hope that close ties would make Nigeria an interlocutor for U.S. views and interests throughout the continent.

But the idea that America's Nigerian connection could transcend bilateral relations and have a nationwide impact has been frustrated continually by tribal animosities and other problems, which have resulted in civil war, in 1967, and a cycle of political corruption and military coups.

More recently, the world oil surplus has shown that Nigeria is not immune to the problems of countries whose economies rise and fall on the export of a single commodity. Following the shakeouts in oil supply patterns produced by the energy crisis of the 1970s, Nigeria succeeded, for a time, in standing alongside Saudi

(Continued on Page 9)

A SPECIAL REPORT ON NIGERIA

Going It Alone: Austerity Puts Nation to Test

(Continued From Previous Page)

ral gas for export. Parts of the petrochemical project are expected to be delayed, however, and the steel industry is widely dismissed as a failure of planning.

Some state-owned companies, such as the telephone monopoly and certain agricultural operations, are candidates for sale to the public, though no major sales seem imminent.

While the government says it wants to attract more foreign investment, businessmen say it is still far too difficult to convert naira profits into foreign currency and to obtain approvals from Nigeria's grinding bureaucracy.

"God help anyone who wants to set up a new business," said a senior British executive at one of Nigeria's biggest manufacturing companies. "I've come across people who sat in the hotel lobby for two years, even though their projects were things the government was keen to promote."

Nevertheless, General Buhari said in his budget speech that 1985 "will be a year in which the country can start to recover." He predicted that gross domestic product would grow 1 percent after shrinking more than 10 percent over the previous three years.

Foreign observers are not so sure.

They do acknowledge that the government has managed to keep Lagos cleaner and that electricity and water supplies are more reliable, only partly because the recession has reduced demand. Foreign businessmen also generally say the new government's economic management is superior to that of the civilian government.

Still, the costs of the government's economic strategy are heavy.

Prominent among them is unemployment. No figures are available, but the anguish is evident. Nigeria's big trading and industrial conglomerates have let go as many as half of their employees since the recession began.

Many foreign companies also are shrinking their staffs. Continental Illinois Corp. is trying to sell its local affiliate, and some other U.S. banks are believed to be eager to depart. Most foreign companies, however, appear willing to wait for Africa's largest economy to recover.

Inflation also punishes the Nigerian masses. The government estimated 1984 inflation at 40 percent; many foreign analysts say it is high-

er, though no reliable statistics are available.

Feeding the inflation are severe shortages caused by import restrictions. Car tires cost the equivalent of at least 3350 (converting the naira at the official rate) and have become popular as carry-on baggage on flights to Lagos. A box of 100 tea bags that sells for 70 pence in Britain is offered in Lagos at about 20 times as much. Eggs cost as much as \$4.80 a dozen.

The need to ration imports means cumbersome regulations. A businessman may receive a license to import vital materials after months of waiting, but he still does not know when he will receive the foreign-exchange allotment needed to buy the goods.

As a result of such shortages and uncertainty, Nigerian factories, which mostly are mere assembly operations, typically operate at around a fifth of capacity, according to Oladapo Fafowura, executive director of the Manufacturers' Association of Nigeria.

In some cases, shortages produce fat profit margins on what little product can be sold. But the cost is high inflation and unemployment.

In addition, Nigeria's economy suffers from all the distortions that go with an overvalued currency. The official rate is about \$1.20 to the naira. On the black market, the naira is worth only a fourth or a fifth as much, as almost any hotel clerk can tell a foreign guest.

So, despite the harsh penalties, much of Nigeria's energy and ingenuity goes into smuggling and other black-market dealings.

Imports are artificially cheap, and exports other than oil, which is priced in dollars, are hopelessly expensive.

That is why many foreign observers hope Nigeria eventually will cave in to IMF terms similar to those agreed upon in 33 other cash-strapped countries with loans from the fund. Discussions on Nigeria's request for a \$2.4-billion IMF loan have stalled over the fund's call for a devaluation and a reduction in subsidies for local users of oil products.

An IMF agreement would make foreign banks and export-credit agencies more willing to stretch out Nigeria's loan payments. Some bankers say, however, that the banks just might agree on a rescheduling without an IMF program, especially if Nigeria seemed to be fulfilling most of the usual IMF demands.

In any case, many banks and

businessmen think some kind of rescheduling is necessary to keep the economy functioning. Without rescheduling, warned Mr. Fafowura of the Manufacturers' Association, "it's going to be even tougher next year."

The government has made it difficult to reschedule, however, by making an emotional issue of its resistance to IMF terms. "They have painted the image of the IMF as a rapacious vulture hovering over Nigeria," said a British economist here.

The government's main fear on devaluation appears to be that it would pump up inflation further by multiplying the naira cost of imports. Thus, say the government's defenders, any sudden devaluation would bear huge political risks. "You can't repay your loans if people are fighting in the streets," a Nigerian banker observed.

Exchange-Rate Pride Blocks IMF Loan Package

By Howard French

LAGOS—No economic issue in Nigeria has been so widely discussed and debated as the country's running negotiations with the International Monetary Fund for a major loan. Perhaps the most controversial element of any loan package is the fund's insistence that Nigeria devalue the naira.

An agreement with the IMF would clear the way for a refinancing of Nigeria's trade debt of more than \$2 billion and inject new funds into the economy.

Since negotiations between the government and the fund broke off in 1983, a military government has come to power, instituting some of the elements included in the loan package. It had been expected that the military leaders would accept an IMF deal, placing responsibility for the sacrifices required for economic restructuring on the largely discredited government of former President Shehu Shagari. Instead, the military has made a sticking point of the devaluation issue.

As a Lagos banker put it, "A high exchange rate has become a matter of national pride here."

Nigerian officials have argued against a devaluation, accusing the IMF of imposing "stock solutions that inevitably include a massive devaluation" without carefully analyzing Nigerian realities. Opponents of a devaluation say that it is only appropriate for export-oriented economies, whereas Nigeria exports a very narrow range of goods, principally petroleum products, whose prices are fixed by membership in international cartels. Moreover, it is feared that a devaluation would cause a sudden surge in inflation that could threaten the government's stability.

Proponents of devaluation argue that Nigeria must diversify its exports away from oil, and devaluation would make foreign suppliers of both foods and industrial goods less competitive, thus giving an incentive to local producers. A World Bank official said that production of the country's only significant cash crop, cocoa, is rapidly declining, "partly because international prices, set in dollars, become ridiculously low when converted into overpriced naira."

A banker suggested that "the most 'honest' market is the black market, where goods are traded freely and find their real value." On Nigeria's black market, the naira trades at less than a quarter of its official rate of \$1.21 to the naira. "The whole aim of devaluation and trade liberalization is to put the black market out of business by

allowing unrestricted commerce," the banker said.

A prominent American businessman said: "The only convincing argument against the IMF loan and devaluation is that self-confidence in economic management is lacking and the government fears taking on any more lending because they are

ment's moves to restructure the economy, pointing out that many of the measures it has taken are along the lines of what was proposed by the IMF. Recently, attention has been drawn to the fact that the naira has been allowed to slide downward in relation to the U.S.

Another move bound to please the fund's economists has been the restructuring of the import tariff code, which one diplomat qualified as "IMF-inspired."

In lieu of an agreement with the fund, which would provide the economy with sorely needed finances, the most important reform

The military has made a sticking point of the devaluation issue. As a Lagos banker put it, 'A high exchange rate has become a matter of national pride here.'

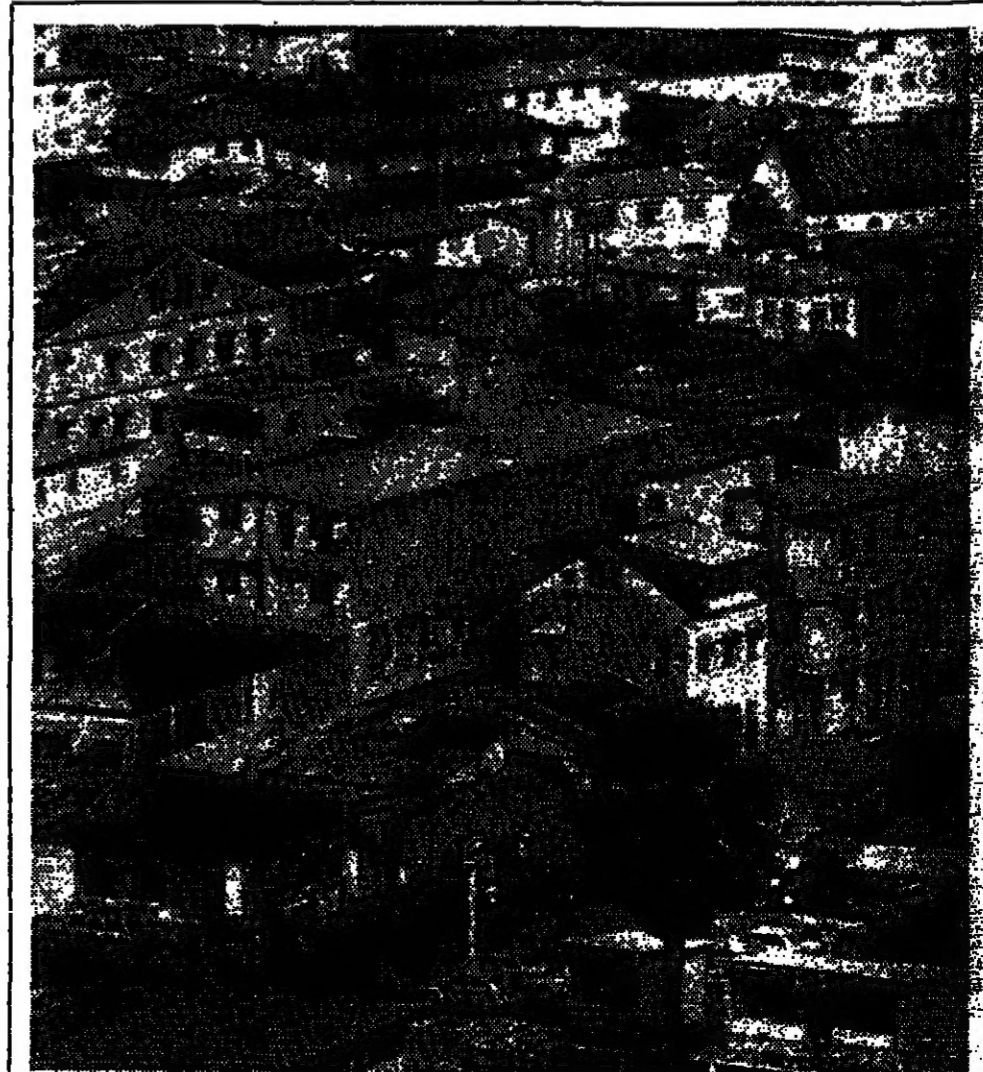
not sure that it could be used effectively." He added that "the same national pride that will not allow the Nigerians to devalue gives one confidence that, one way or another, Nigeria will pay its debts."

Observers in Lagos have noted with interest the Buhari govern-

dollar and, to a lesser extent, the British pound.

Since last May, the naira has fallen from \$1.3376 to \$1.2046. Some bankers speculate that this gradual devaluation is being allowed in view of "meeting the IMF halfway" on the issue.

likely to be enacted by the Supreme Military Council will be permission to allow companies to maintain foreign-currency accounts in Nigerian banks. This measure would permit companies to use foreign exchange earned from domestic production without having to seek central bank approval.



A rooftop view of the capital, Lagos.



Major General Mohammed Buhari, head of state.



Major General Tunde Idiagbon, chief of staff of the military's supreme headquarters.

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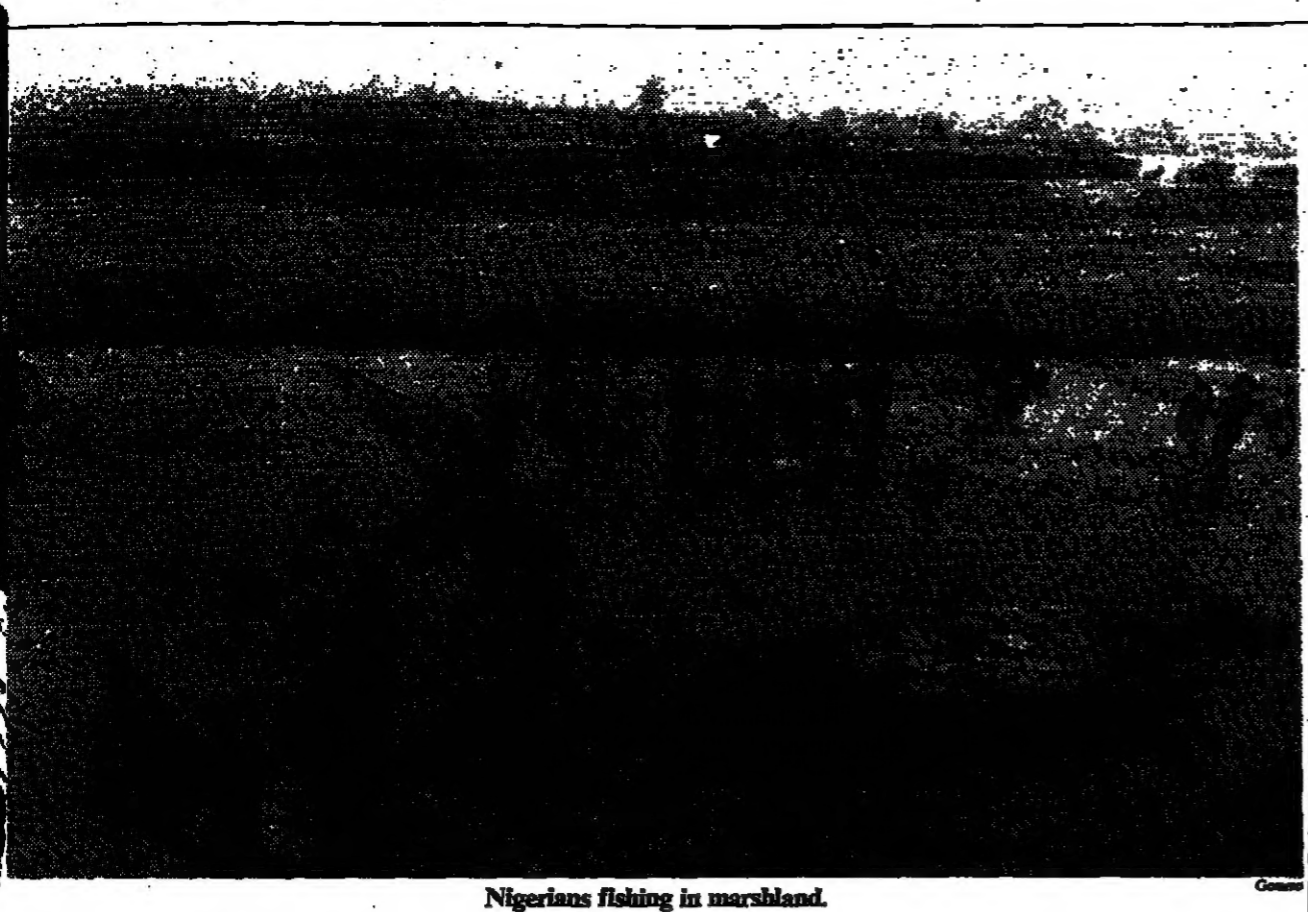
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The Pillar of the Nigerian Economy

A SPECIAL REPORT ON NIGERIA



Nigerians fishing in marshland.

Foreign Policy Raises Economic Shield

(Continued From Page 7)

Nigerians feel uncomfortable with what is seen as an excessively paternalistic attitude in French policies in Africa, although it is far that economically the francophone states have benefited from what the French call their "African family," and their common heritage makes them an effective, if at times troublesome, pressure bloc. Mr. Gambiari likes to describe Nigeria's current foreign-policy approach as a series of concentric circles with Nigeria's security, territorial integrity and political independence at the center.

ECOWAS would come next, on wider African issues such as colonialism, with the outer circle being Nigeria's relations with organizations, institutions, and countries beyond Africa's shores. It is not a rigid model, but there is no doubt that the military regime keeping to the promise, made only days after seizing power, to take Africa the centerpiece of Nigeria's foreign policy.

This, together with the promise of an activist foreign policy, harked back to the heady days of former president General Murtala Mohammed, who, in the few months had in power before his assassination, transformed Nigerian diplomacy. He made it clear that his was a country that would not be shed ground and that deserved to insist on being heard.

But the days of nationalizing oil and petroleum, paying the way to a Rhodesian — the pre-independence name for Zimbabwe — element, ushering in Angolan independence and shaming the United States came, it is felt here, to an

ignominious end with the second republic of Shehu Shagari when, in Mr. Gambiari's words, Nigeria became a "diplomatic pariah."

Mr. Gambiari, a former director of Nigeria's Institute for International Affairs, has set out to change that image and to show that Nigeria can and must play a more active role, especially within the Organization of African Unity.

Nigeria takes much of the credit for salvaging that ailing body, whose future, until last year's summit in Addis Ababa, was in doubt. On the eve of the summit, Mr. Gambiari issued a statement recognizing the Polisario Front and calling on other states to follow suit, not necessarily in approval of Polisario policies, but because it was absurd to let one issue endanger the existence of the OAU.

In public, and behind the scenes, Nigeria argued again and again that the massive practical problems facing the continent should be tackled first and that rhetoric and politically contentious and divisive issues should be put to one side. Nigeria also used the clout that comes from being one of the few member states that pays its dues, which are much higher than most.

For the Nigerian delegation, led by head of state Major General Mohammed Buhari, and Mr. Gambiari, the summit was a clear success. It was businesslike, frank and to the point, and although Morocco and Zaïre withdrew in protest over the Polisario's admission, the organization survived.

Nigeria also has been taking an increasingly tough line on the problems of southern Africa and has called repeatedly for an intensification of the political and material

support for the armed liberation movements in the region. In his most recent speech on foreign affairs, General Buhari described South Africa as the "greatest threat to Nigeria's national interests" and criticized what he called the encouragement of South Africa's intransigence by a possibly well-intentioned but misguided policy of constructive engagement being pursued in Washington.

The United States also has been criticized for complicating the Namibian issue — independence for South-West Africa — by regarding it as part of the East-West conflict. This, to Mr. Gambiari, is simply a complete red herring.

He also is alarmed at what he sees as South Africa's attempts to break out of international isolation and achieve some degree of respectability. The visit by Prime Minister Pieter W. Botha to Western Europe and, in particular, his visit to London, was strongly criticized. What made this worse, in Nigerian eyes, was the fact that shortly before Mr. Botha's London visit, the British foreign secretary, Sir Geoffrey Howe, had canceled a visit to Lagos. This was offensive because it is many years since a high-ranking British minister has visited Nigeria — in stark contrast to the frequent visits to francophone Africa by senior French figures.

The tangled love-hate relationship between Nigeria and Britain flared up last year following the kidnapping attempt in Britain of Umaru Dikko, minister of transport in the Shagari government. Britain has not yet made a decision on Nigerian requests for the extradition of Mr. Dikko, who has been

charged with corruption. There was as much hurt as outrage that Britain could show so little understanding of the Nigerian position.

High commissioners were withdrawn from London and Lagos but both sides were anxious that things not be taken too far. There is still a bitterness, however, that Britain continues to harbor Nigeria's most wanted man and the issue could erupt once more when Nigeria's application for extradition and Mr. Dikko's appeal for political asylum are heard.

Britain's relations with Nigeria are complicated further by the fact that both countries produce almost the same quality of crude oil although both pursue different pricing policies. And the Nigerians feel that Britain has been less than understanding over the rescheduling negotiations at the Club of Paris, with Britain among those pushing hard for Nigeria to accept International Monetary Fund conditions that seem increasingly inappropriate to the Nigerian case. It is felt that Britain and the West in general does not want to see Nigeria turning up its nose at the IMF lest this set a precedent, as it no doubt would.

It is 25 years since Nigeria gained its independence from Britain, and the silver jubilee celebrations later this year should be quite spectacular. But the Nigerians are increasingly realizing that political independence can be feeble without economic independence as well. That is why Nigeria stresses self-sufficiency not only within Nigeria but also within Africa. Many years of Western aid, investment and advice have failed to radically transform Africa.

U.S.-Nigerian Relations in a Holding Pattern

(Continued From Page 7)

Nigeria as one of the two main suppliers of crude oil to the United States.

But that position was eroded by an increasing U.S. shift to imports from neighboring Mexico, by reduced demand resulting from the worldwide recession and by the fact that has enabled American refiners to fill their needs with readily available heavy oil, which is cheaper than Nigeria's high-grade crude. With little expectation of a near-term return to the days of fat oil margins, Nigeria has neither the nor the resources to play the role of a regional power.

As a result, its ties with the United States have taken on an essentially parochial character.

When diplomats from both countries tick off the noneconomic issues that currently figure in the relationship, they come down to such a matter as the plight of the more than 20,000 Nigerian students in the United States who are having trouble getting the money to continue their studies because of their government's crackdown on currency exports.

Washington is also concerned by the case of an American woman who is facing trial in Nigeria on

charges of illegal petroleum transactions.

On a broader scale, Nigeria has joined with the rest of black Africa in criticizing President Ronald Reagan's "constructive engagement" policy toward the white-minority government in South Africa.

But it has not become a major issue of contention.

Similarly, U.S. officials privately regard Nigeria's return to military rule as a setback to the process of African political democratization. But they have been careful not to press the military to step aside or to

pursue allegations of human-rights violations, on the grounds that it would only have counterproductive effects.

"I still wouldn't count Nigeria out," said one U.S. official, echoing the hope that the country eventually will extricate itself from its financial straits, find a basis for political stability and begin to live up to its potential as a regional force.

In the meantime, however, the relationship between the two countries reflects the restrictions and diminished expectations that stem from Nigeria's continuing struggle to get its house in order.

A Journalistic Tradition Uneasy Under Restraint

(Continued From Page 7)

voiced a lively debate. Information Minister Samson Omeruah argued that the law was not meant to muzzle the press but rather to stimulate higher standards of reporting. Journalists asked who would protect the public from government abuse and speak in the interests of the common man. Moreover, they said, the news media should be encouraged to increase its investigative reporting in order to help the military rid government of corruption.

Although there have been no further trials of journalists, a new caution has entered the profession. The independent dailies publish far fewer investigative reports and many of the once outspoken newspapers now content themselves with printing official communiqués verbatim and giving straight news reports on the daily activities of government officials.

Criticism of government policies continues, but it has been muted and many writers are turning their attention to safer topics like international affairs. Finally, there is far less mention of corruption in high places, although the public feels that a great deal of it still is going on.

The situation led one journalist recently to conclude that although the Nigerian press may be a giant in Africa, it casts a far smaller shadow today than it did a few years ago.



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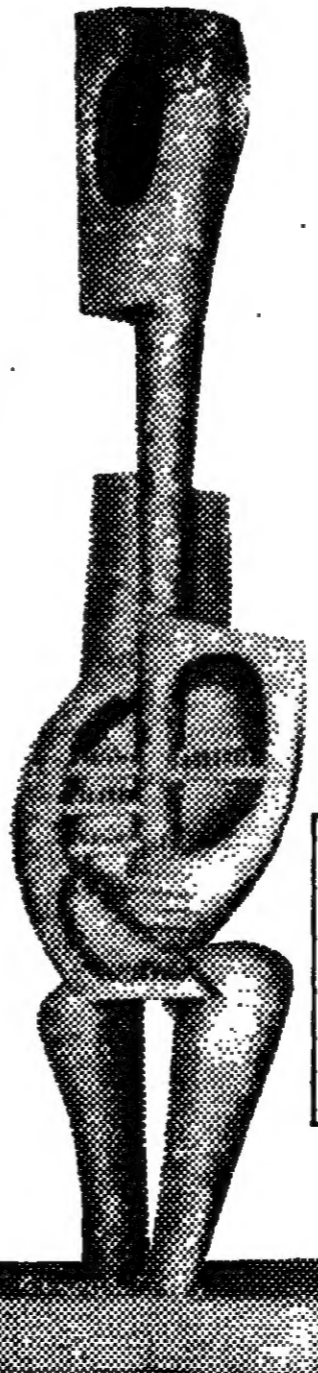
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Capital	75,000	70,000	Investments	68,366	83,399
Reserves	109,600	92,818	Loans & Advances	1,560,833	1,568,835
Deposits etc.	3,114,546	2,939,911	Contra Accounts	740,411	749,960
Contra Accounts	740,411	749,960			
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A SPECIAL REPORT ON NIGERIA

Gas Project Appears Deflated Despite Huge Proven Reserves

LAGOS — Gas, long Nigeria's great export hope, will not come to the market in time to rescue the country from its current slump.

The country's proposed liquefied natural gas (LNG) plant at Bonny is unlikely to be completed before the mid-1990s, industry executives say, and even then, there is considerable doubt whether the project will go ahead.

"There's a huge amount of skepticism about it," a senior European gas consultant said of the project.

A plan to use more gas at home also has stalled. Saipem SpA, the Italian state-owned energy engineering company, and Mannesmann AG of West Germany are to build a \$1-billion gas-gathering system and pipeline between Escravos and Igbia, near Lagos, where the gas would feed into a new power plant. But work cannot resume until the government approves a new financing proposal from Italy. Tam David-West, Nigeria's oil minister, said that approval should be forthcoming and the project could be completed as early as next year, one year behind schedule.

Some of Nigeria's gas is to be used in the country's new petrochemical plants, although parts of that project also are likely to be postponed as the government reviews its spending priorities.

Despite the delays and outsiders' doubts, the Nigerian government is determined to find ways to use gas and reduce its overwhelming reliance on exports of crude oil. Petroleum Information International estimates Nigeria's proven reserves at 45.7 trillion cubic feet (about 1.29 trillion cubic meters). That is the

energy equivalent of about 8 billion barrels of oil and compares with the country's oil reserves of about 16 billion barrels.

A determined search for gas, moreover, probably would uncover far larger reserves, experts say.

At present, oil companies operating in Nigeria are flaring off gas produced as a byproduct of oil at a rate of well over 1 billion cubic feet a day. In January, new penalties were introduced in an attempt to discourage this waste.

Most industry executives here see Europe as the more likely market for Nigeria. Even so, cautions Tom Cox, managing director of the British energy consulting firm of Gaffney, Cline & Associates, "the European market for LNG really does not look too healthy until at least the late 1990s."

In his budget speech in January, Major General Mohammed Buhari, the head of state, reaffirmed that the government is "fully committed" to building the LNG plant.

Despite the delays and outsiders' doubts, the government is determined to find ways to use gas and reduce its overwhelming reliance on exports of crude oil.

But oil executives say the penalties have made little difference. The cost of reinjecting gas into the ground for later use is so high in most cases that the government has had to grant exemptions to the rules to keep the oil flowing.

The trouble with Nigeria's huge gas reserves is that they are far from the major markets. Demand at home is small, given Nigeria's scant industrial base and tropical climate. Subsidies on fuel oil, moreover, make it artificially cheap, undercutting demand for gas.

In the West European market, the established suppliers are the Soviet Union, Norway, the Netherlands and Algeria. Canada and Mexico are well placed to sell to the United States.

He did not say when, however.

Mr. David-West said in an interview that three committees were to work on plans for the project this year: one comprising government ministers, one made up of experts from Nigerian National Petroleum Corp. and the third including NNPC officials and representatives of oil companies that might want to invest in the project.

Just days before the military coup in December 1983, the civilian government signed a letter of intent for the local affiliate of the Royal Dutch/Shell Group to manage the project. The letter remains in effect, and Shell has set up a team to work out plans. But there has been little or no liaison between

Shell and NNPC officials working on the project.

Shell and the government still need to reach a formal agreement on the project and sign up any other interested partners. Both Elf Aquitaine of France and Italy's Agip SpA say they would consider investing if the project looks attractive. The other foreign oil companies operating here are standing back.

After reaching a formal agreement, the partners would have to line up financing for the project, whose cost has been roughly estimated at \$7 billion. If Nigeria does

not come to terms with the International Monetary Fund, many banks might shy away from participating in a major loan for the project.

The partners also would have to find customers willing to commit themselves to buying the LNG over a long period, perhaps 20 years. Such commitments are difficult to obtain in a glutted market, as Norway found when it failed to clinch a \$30-billion long-term gas sale to Britain in February. Nigeria faces the added disadvantage of worries about its political stability.

After receiving financing and

sales commitments, the partners would need six to eight years to build the plant, industry experts say.

Mr. David-West still holds out hope that the plant could be producing in the early 1990s. Others, with an eye on the glutted market, say the mid-1990s or beyond.

The LNG project already has a long history of delays and false starts. In the mid-1970s, British Petroleum Co. and Shell formed a company called Bonny LNG to develop the project. That company, in 1980, signed a letter of intent to sell LNG to a group of European utili-

ties under a 20-year contract. But the government hesitated, the proposed sale fell through and Bonny LNG eventually slid into oblivion.

Since then, LNG and other gas prices have declined considerably. For instance, the price Belgium pays for Algerian LNG has fallen 23 percent over the past four years to \$3.70 per million British thermal units on a free-on-board basis, according to estimates by Gotaas-Larsen Shipping Corp.

Some European gas experts now doubt that the Nigerian project would be profitable at a price low enough to lure customers. "They

may be too late," said a leading consultant, who declined to be identified.

James Ball, editor of International Gas Report, said Nigeria would not be able to undercut Algeria and other established suppliers on price. But he argued that some European countries, notably West Germany, France and Belgium, might choose Nigerian LNG, anyway to diversify their sources of supply, especially because Shell's presence gives the project an air of reliability.

— BOB HAGERTY



Flaring of natural gas in a Nigerian field.

Heavy Investment Needed for Oil-Field Development to Avoid Production Decline

(Continued From Page 7)

reduce prices again whenever necessary. The price increases, which came into effect Feb. 1, would produce more than \$200 million a year in additional revenue if Nigeria manages to continue exporting about 1.2 million barrels a day. The country's benchmark crude, Bonny light, was raised 65 cents to \$28.65 a barrel. That is equal to the official price of Britain's most important crude, Brent, which competes directly with Nigerian oil in the international market.

The new price brings Nigeria back into line with the price structure of the Organization of Petroleum Exporting Countries. But Ni-

geria is more candid than most other OPEC members in acknowledging that its devotion to the group's rules stops where vital national interests begin. Those interests center on the need to compete with Britain, Norway and other producers outside of OPEC.

In early 1983 and again last October, Nigeria reacted to price cuts by Britain and Norway by imposing even deeper reductions of its own, without waiting for OPEC's approval.

"I have my two legs in OPEC and my two eyes on the North Sea," Mr. David-West said. Should Britain reduce its prices again, he said, "we are prepared to match

them cent for cent — and maybe even more."

Nigeria has chosen to undercut Britain and Norway in the past partly to jolt them into recognizing what it considers the dangers of a price war, oil executives here suggest.

Aside from warning other suppliers, Nigeria is trying to provide incentives to its own customers.

With the new prices, NNPC introduced a special discount for buyers willing to accept at least 20,000 barrels a day of a set package of crudes. The idea is to persuade companies to buy more light crudes. Such crudes in recent years have proved hard to sell, largely

because new techniques allow oil refiners to make better use of the cheaper heavy crudes.

Oil companies here are still assessing the package offer, but some say it appears to make Nigerian oil slightly more attractive. One oil executive estimated the savings for those that accept the package at 13 cents a barrel. Another put the savings at less than 10 cents and added, "It doesn't look to me as if there's enough in it to make it exciting."

Over the past two years, Nigeria also has reached agreements with most of the foreign oil companies, providing a way for them to increase their liftings when NNPC

does not want to take its share of production. On the additional liftings, the foreign partners are allowed to make a profit of \$2 a barrel.

Some executives label this a disguised discount, but NNPC disputes that interpretation.

Nigeria also is trying to press ahead with plans to increase its refining capacity. Late last year, it awarded contracts to Japan Gasoline Corp., Marubeni and Spie-Batignolles to build a refinery at Alesa-Elene, near Port Harcourt. But Nigeria has not yet lined up export credits to finance the project, and that could prove difficult

as long as the country resists an economic agreement with the International Monetary Fund.

The new refinery is expected to cost about \$470 million and have a capacity of 150,000 barrels a day. The country's three existing refineries have a combined capacity of 260,000 barrels. Nigerian officials say the new refinery will save the country money by reducing its dependence on imported oil products.

A vigorous crackdown on smuggling, with the threat of death penalties, already is producing savings for the country. Two years ago, the smuggling of oil products was costing the government at least \$1 million a day, Mr. David-West estimated.

A decision to postpone the petrochemical project would affect its second phase, whose cost is expected to be well over \$1 billion. This phase had been due for completion by 1990.

Odoloyi Lolomari, general manager of the petrochemicals division at NNPC, said he would put a priority on rapid development of the polyethylene, polypropylene and polyvinyl chloride units. The second phase also is to include ethylene oxide, ethylene glycol, plasticizer and chlorine-caustic units.

Construction of the first phase of the project is 60-percent complete and production should begin next year, Mr. Lolomari said. The first phase involves plants near Warri in the north. It embraces polypyrone, used for making plastic, and other synthetic materials; carbon black, used in tire manufacturing, and linear alkyl-benzene, which goes into detergents.

Unlike Saudi Arabia, which further along in developing a petrochemical industry, Nigeria is still almost entirely at serving the home market and thus reducing its

— BOB HAGERTY



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Minister Mixes Oil Business And Wit

LAGOS — When Tam David-West was named Nigeria's oil minister early last year, many citizens wondered about his qualifications. By training, Mr. David-West was a virologist and professor who had served as education commissioner of Nigeria's Rivers State. By inclination, he was an outspoken critic of the deposed civilian government. As for oil, however, he lacked experience.

A year later, oil executives here say that Mr. David-West, who is 49 years old, has mastered at least the road outlines of the business. He has set a new standard for humor and colorful speech.

At a meeting of the Organization of Petroleum Exporting Countries at December, he told journalists that he thought of OPEC's benchmark price as a "mascot." While it is no longer correspond with market reality, he explained, it still has psychological value and should be changed lightly.

After all, Mr. David-West said, people do not change their names once a year. "I'm not going to change my name to David-East."

When he explains Nigerian oil policy, the minister often resorts to medical analogies. "Oil is like the heart of the nation," he has said. "It is to pump all the time."

Mr. David-West, who holds a doctorate from Canada's McGill University, also is fond of Biblical references. Confronted with criticism from other OPEC members of Nigeria's maverick policies, he likes to quote the Biblical injunction: "Let the one amongst you without a cast the first stone."

At OPEC meetings, he recently told reporters, "we talk about discipline like a litany."

Discussing British oil policy, he described that country's state-owned oil trading company as "a rankenstein monster that is running times."

Sometimes Mr. David-West's speech gets him into trouble. Last January's meeting of OPEC's market-monitoring committee, he observed that the committee's report sounded remarkably familiar. An aide to Mr. David-West later explained that the minister was trying to underline that the oil world had failed to heed OPEC's warnings time and again. But Mans Said al-Oteiba, oil



Nigerian Oil Minister Tam David-West.

minister of the United Arab Emirates and chairman of the committee, took the remark as an affront to his committee. The UAE minister stalked out of the meeting, accusing Nigeria of "stabbing OPEC in the back." It took a diplomatic intervention by Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani, to clear the matter up.

Mr. David-West's manner contrasts sharply with that of his predecessor, Yahaya Dikko, who rarely said a word to the press. One exaggerated reporter approached the solemn Mr. Dikko at an OPEC meeting and demanded, "Your Excellency, are you still mute?"

"Yes," Mr. Dikko replied, making one of his few recorded comments.

Like journalists, oil executives in Lagos say they generally get along better with the new minister than they did with Mr. Dikko. "He listens — not always, but at times quite well," a senior foreign executive said.

Mr. David-West also gets credit for hard work. He has been known to be "on seat" — the local phrase meaning at his desk — as early as 7:15 A.M. for meetings with oilmen. "Whatever I'm doing, I like to be intensely involved," Mr. David-West said in an interview.

Some foreign oilmen complain, however, that they cannot get decisions out of the state oil company, Nigerian National Petroleum Corp., when Mr. David-West and Chief Festus Marinho, the corporation's managing director, are away at OPEC meetings.

"NNPC is a ship without a captain" at such times, an American oil executive said. "You really can't get anything done."

In any case, it is clear that the big decisions ultimately are made by Nigeria's military government, headed by Major General Mohammed Buhari, himself a former oil minister.

Much of Mr. David-West's enthusiasm has gone into Nigeria's crackdown on smuggling of oil products, a crusade he described as "my baby." The crackdown must be working, he reasoned, because he receives death threats over the telephone.

Mr. David-West said such threats do not disturb him, but he conceded that he sometimes pines for his test tubes. "I don't think I've said my final goodbye to virology," he said.

— BOB HAGERTY

Lining Up Nigerians for National Resurrection

LAGOS — Passengers arriving at the Lagos airport would be surprised that a "War Against Indiscipline" is deemed necessary in Nigeria. My recent arrival at the airport was smooth, including baggage and customs clearance and currency controls.

But looking for a taxi, I received a first glimpse of the "indiscipline" that Major General Mohammed Buhari has called "the bane of Nigerian society": a heated discussion among taxi drivers that ended in an exchange of blows. At the hotel, the staff was surprisingly diligent. I was asked to pay a full deposit covering room and board for the length of my stay. I explained that I had come directly from the airport and had not yet had time to change my money at the bank. That was not necessary, I was told, because the hotel requires that foreign currency be exchanged on the spot, "so as to rule out the possibility of illegal transactions."

It appeared that the War Against Indiscipline, or WAI, had been firmly planted in the national spirit. Protesting that the hotel offers a considerably lower exchange rate for the dollar than does the bank, I was allowed to pay a one-day deposit and change the rest of my money at the bank, provided that I could produce a valid currency-exchange stamp on my receipt.

But once in my room, I received a visit from one of the employees I had seen at the reception desk. He said, "If you like, I can help you change your money." I replied that I wanted to avoid trouble for currency violations and, at any rate, could not use my foreign currency without justifying its use on my airport-issued declaration. The employee smiled, saying, "No problem," as he produced the hotel cashier's stamp used to validate foreign exchange transactions. I realized that the WAI had a long way to go.

New phases of the campaign are steadily being introduced by Nigeria's military leadership, which sees the establishment of orderly behavior among Nigerians as indispensable for national resurrection. Initially focusing on basics, such as encouraging people to form lines when waiting, the WAI is becoming more ambitious and is bound to point out some of the major contradictions in the country's economy. In its latest phase, General Buhari has launched an attack on economic saboteurs who are involved primarily in illegal currency dealings.

Nigerian television carries frequent warnings against fraud, foreign-currency trafficking, arson and the *dash*, or

bribe, a firmly entrenched Nigerian tradition. Although stiff penalties have been imposed for currency violations, the authorities appear to have more than their hands full on this front of the campaign. Recently, the Nigerian singer Fela Ransome Kuti was sentenced to five years' imprisonment for his alleged failure to declare his re-export of £1,600.

The most dramatic measure taken to combat illegal currency traffic was the recall and replacement of all the country's circulating currency, the naira, and the closure of Nigeria's borders, in late April 1984. Lagos residents say that the chief effect of the currency changeover was to inconvenience people and set off a surge in inflation.

Abroad, most holders of naira were, as intended, caught unaware, unable to repatriate their illegally exported currency in time to meet the one-week exchange deadline. Tales of woe were common along the West African coast

through limiting the role of middlemen in the commercial circuit.

Another important element of the campaign is the government's imperative need to increase tax revenues. One way that this has been attempted is by forcing much of the large parallel economy into legitimacy. The first targets of this drive were the ubiquitous "small boys" and women street vendors, who sell all manner of goods, usually available in stores, from improvised stalls in business areas.

Claiming that these vendors do not pay taxes and that they encourage inflation by hoarding goods, the government has razed most of these stalls and chased the boys out in recent weeks, especially in the central Marina area, where the vendors competed for business with large stores nearby.

French residents of Lagos tell the story of "Rose," a Ghanaian vendor whose stall came to be known as *Chez Fauchon* (after the exclusive Paris store), because it was the only place in town where fine wines, champagne and other luxury items could be found.

Chez Fauchon was razed twice in recent months, but French residents say that Rose can still be found in the Marina area, where she keeps her goods under heavy plastic sheets, exposing them only to regular customers, who communicate her shifting locations by word of mouth.

Long-time residents of Lagos cite cleanliness and courtesy as the two areas where the government campaign has made the greatest progress. One businessman said: "There is no longer a showing match at every public elevator. People line up for entry, and those who would cut in face hostile cries of 'WAI, WAI!'"

A banker said: "One no longer needs to constantly reach into one's pocket to get people to do their jobs. Previously, electrical power could be cut off every three days, so that a power company employee could collect a *dash* for switching your house back on."

A Nigerian newspaper editor reflected a note of dissent against the indiscipline campaign that is gaining popularity among intellectuals. "This campaign has only dealt with the most superficial of this country's problems, and it is disquieting to see it being pursued as the regime's top priority," he said.

— HOWARD FRENCH

TRAVELER'S NOTEBOOK

among traders who, surprised by the move, lost small and large fortunes in suddenly worthless naira. Market vendors in Lagos used their hoarded naira to clear the shelves of the city's stores, selling the accumulated merchandise only for the new bank notes and at high prices.

The deeply engrained trading ethos of Nigerian society had proven a sturdy obstacle to the pursuit of the War Against Indiscipline. The arrival of the Supreme Military Council to power in late 1983 was applauded by the bulk of the population, largely because of the national anguish provoked by the high inflation that characterized the final period of President Shagari's civilian government.

Military leadership provided the hope that inflation could once again be managed, and indeed, one of General Buhari's first initiatives as head of state was an attempt to control market prices of essential commodities, particularly rice.

The Supreme Military Council learned its first lesson in the resilience of the Nigerian trader well before the WAI had been announced. In the early weeks of the regime, when the government began to fix retail prices by decree, goods simply vanished from the market. Since then, greater success has been achieved in controlling inflation

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A SPECIAL REPORT ON NIGERIA.

Americans Try to Help Nation Get Back to Its Farming Roots

LAGOS — The Anderson brothers of East Bernard, Texas, have what it takes to attempt an agricultural project in Nigeria: patience.

Off and on since 1978, Everett and Jay Anderson, who are among the biggest rice growers in Texas, have been trying to apply their skills to Nigerian soil. For much of that period, Everett Anderson says, "we've just been twiddling our thumbs."

But the Andersons, whose home operations have been squeezed by low prices, are not ready to despair. They see rich potential in Nigeria, where demand is intense and restrictions on imports have forced local prices far above the world average.

To reduce the country's reliance on imports, Nigeria's government is trying to make agriculture attractive again, both for its own peasants and for skilled foreigners like the Andersons. The government is forcing big local companies to invest in farm projects. It also is at-

tracting a few hardy foreign investors, though most are waiting for Nigeria to transform its rhetoric into action.

"People are scared stiff," said a British executive at one of Nigeria's big manufacturing companies. "So often Nigeria has looked good and then things have gone all wrong."

But Nigerians insist that they cannot afford to let their farm economy go on floundering as they did when oil income was surging. "We have all learned a lesson," said E.A.O. Shonekan, chairman and managing director of UAC of Nigeria Ltd., an affiliate of Unilever that is returning to its roots in palm oil and other agricultural projects.

Oil wealth gave Nigeria the luxury of importing huge quantities of rice, wheat and other foods that were not part of the traditional diet, dominated by such starchy staples as yam and cassava.

Cheap imports depressed prices, and many small farmers abandoned cash crops to slide back into

subsistence farming. Millions of farm workers streamed to the cities. In the 1960s, Nigeria was self-sufficient in food and a major exporter of palm oil, cocoa, peanuts, cotton and rubber. Now the country imports both palm oil and peanuts. Food production has increased too slowly to keep up with population growth. On a per-capita basis, food output has fallen 15 percent since 1969, according to a recent estimate by the U.S. Agriculture Department.

Alarmed by the trend, Nigerian governments in the 1970s mounted such campaigns as Operation Feed the Nation (OFN) and the Green Revolution. The results were abysmal.

"Charges of squandermania have been leveled against both the OFN and the Green Revolution program with some justification," Nigeria's new agriculture minister, Bakari Shaib, said in a speech earlier this year. "That, however, was the oil-boom syndrome common to all government activities."

The current government is still throwing money at agriculture, which accounts for 18 percent of the capital-spending budget for 1985, but it promises to do so more efficiently.

Toward that end, the government is trying to streamline agricultural agencies and state-owned agricultural companies, many of which have suffered staggering losses in recent years. Mr. Shaib said the government would simply close down the National Livestock Production Co., which had total losses of 21.7 million naira (\$26 million at the official exchange rate) between 1979 and 1983.

Seven other state-owned companies are to be sold to private investors. Others remain under review. The government also is cracking down on corruption. Investigations of the Benin-Owena River Basin Development Authority, for instance, produced "some shocking revelations," Mr. Shaib said, and some top officials have been detained.

In addition, the government is examining the usefulness of marketing boards, which act as middlemen between farmers and the markets. Some food companies want to buy directly from farmers and hope the government will eliminate the boards.

Banks are under orders to increase their lending to agricultural projects, and the government is studying a proposal that all local companies with annual sales of more than 5 million naira be required to invest 10 percent of their sales in agriculture.

To lure private investment into big projects, the government recently set up an Agricultural Investment Bureau.

For now, however, the government's most successful impetus to farming is its import restrictions, which keep prices high. Everett Anderson figures that over the last 10 years Nigerian rice prices have averaged two or three times the prevailing international level. Local corn prices are about five times higher than the cost of imports.

Still, the obstacles are daunting. Businessmen say that they need to go to half a dozen agencies for approvals and that functionaries do not seem aware that the government wants to encourage investment.

Bureaucracy also makes it difficult to import machinery and other vital supplies. Nigeria's poultry industry was devastated last year because farmers could not import enough corn to feed their chickens. Obtaining clear title to land is notoriously complicated. "Everybody in the village has to okay it," a foreign investor said.

Currency regulations mean that it is often impossible to repatriate profits, and the overvalued naira prices Nigerian crops out of export markets.

Labor is scarce in the fertile north of Nigeria. To keep Nigerians on the farm, the government needs to provide more amenities

such as electricity and health care, but funds are short now. Companies that want to start projects often have to build their own roads and provide their own electric generators.

In the face of all these problems, Nigeria can point to a growing list of projects.

Some oil companies, among them the local affiliates of Texaco Inc., Royal/Dutch Shell and Cie. Française des Pétroles, are investing in small agricultural projects, mainly as a public relations exercise. Over the last 10 years, Texaco has sunk about \$5 million into an operation that grows cassava and

then crushes and ferments it into garri, a grainy flour that serves as a staple for the poor. Other oil companies are under pressure to start similar projects.

Assembly and trading companies with a big stake in Nigeria have little choice but to heed the call for agricultural investment. They rely on import licenses, and the government can withhold these from companies that do not cooperate. Such companies also have local currency that cannot be sent overseas and must be invested somehow.

A.G. Leventis & Co., a widely diversified concern run by a Cypri-

ot family, is growing corn to be used in a planned fructose plant, which would provide sweetener for Leventis soft drinks.

The Anderson brothers have teamed up with Leventis on certain corn and rice projects.

Leventis also is expanding its pig farms and plans to produce citrus fruit and soybeans. Thus, an old-line trading company is turning itself into an integrated operation stretching from the soil to the supermarket shelf.

UAC of Africa, Nigeria's biggest company, is investing in timberland and palm-oil plantations. The company also plans to raise cattle

and pigs, and may go into poultry as well, Mr. Shonekan said.

Another company looking at further farm-related investments is the Geneva-based Vulcan Inlaks Group. The company already grows fruit and vegetables and produces tomato and mango juice.

Nigerian Tobacco Co., a unit of London-based BAT Industries PLC that has grown tobacco in Nigeria since the 1930s, is experimenting with corn and cassava. John Brewis, NTC's managing director, says corn appears to have the best prospects.

Several local brewers are considering the use of locally grown sor-

ghum instead of imported barley, but they worry that the taste will suffer. Experiments in growing barley in Nigeria have not been encouraging.

All concerned, including the agriculture minister, acknowledge that reviving Nigerian farming is a very long-term project.

"If they could get rid of the bureaucratic red tape," said an American banker with long experience here, "it still would take 10 to 20 years to get back to where they were in the mid-1960s." That, he added, would be a signal achievement.

—BOB HAGERTY

Agriculture, Oil's Poor Cousin, Gets Rehabilitated

LAGOS — Nigeria's external trade situation is critical, and measures to restrain imports and generate new products are essential to recovery.

On the export side, there is oil, more than 90 percent of the country's export revenue. Imports include foodstuffs, consumer goods and a wide range of items needed to fuel the country's relatively large but highly dependent industrial sector.

With a population growing by as much as 3.4 percent a year, a weak oil market and the medium-term prospect of a depletion of commercially exploitable oil reserves, Nigeria's military leadership needs to move quickly.

Most analysts agree that the most important step to be taken is the revitalization of the nation's agricultural sector. Like most of its neighbors, Nigeria once lived by its agriculture. It was the world's largest producer (and exporter) of palm oil and ranked as a major supplier of a number of other commodities, including cocoa, peanuts and rubber.

Agriculture has suffered badly from the country's preoccupation with oil. According to Ishtai Hussein, the World Bank representa-

tive in Nigeria, "the government used its windfall profits during the oil-boom years on physical infrastructure and industrial projects, particularly in urban areas, driving up wages for workers, while wages in the agricultural sector stagnated. Meanwhile, Nigeria's import bill leaped from between 2 billion and 3 billion naira to more than 20 billion in 1980, creating extraordinary opportunities for traders in a society already given to commerce." (In 1980, 2 billion naira was officially worth \$3.5 billion.)

The net result of these factors was to draw both young and educated Nigerians away from agriculture and into industry and commerce.

So long as the market for oil remained firm, the effects of Nigeria's agricultural decline were not painful. However, the lack of investment in the sector came to be sorely felt once the bottom fell out of the oil market. Nigeria entered the 1980s importing nearly \$100 million of wheat every year, with similar amounts spent on rice. New food habits nurtured by the prosperous years proved hard to break, and successive governments have realized that any disruption in the availability of bread and rice might threaten stability.

With a debt-service ratio estimated at 44 percent in 1984, the Buhari government is moving to restructure the country's economy by severely limiting imports and relaunching agriculture. Observers agree that modest signs of the rehabilitation of agriculture are already becoming apparent and this trend is likely to continue under the combined effects of urban unemployment, which is forcing more and more people back to the land, and both public and private investment in agriculture and rural development.

"Nigeria's imports have already shrunk to one-quarter of their levels of two years ago following an identical trend in export revenues," a diplomat said. Foreign-exchange earnings have fallen from approximately \$27 billion at the start of the decade to a projected \$9 billion to \$10 billion in 1985, and import licenses have been reduced to about a quarter of their level before the oil crisis.

"It finally appears that a Nigerian government has realized that rehabilitation of agriculture is essential to the rehabilitation of the economy," a Lagos banker said. The government's determination can be seen in a number of recent

decisions, such as obliging banks to allocate between 6 and 10 percent of their loans to the agricultural sector, allowing up to 80-percent foreign equity in agro-industrial ventures (foreign equity is limited to 40 percent in most sectors) and a reduction of foreign-exchange allocations for imported foods.

Diplomats say that with a greatly reduced financial base, the federal government is "spending as much, in constant naira, in the 1985 budget on agriculture and rural development as it did at the height of the oil boom."

One expert said that "although the per-capita decline in agricultural production has been halted, self-sufficiency cannot be reached as long as the artificially strong naira acts as a disincentive to Nigerian farmers to produce."

Nigerian industry boasts no significant exports. On the contrary, the country's industrial sector is slated to be the largest recipient of the 3.15 billion naira that the government has allotted for imports, taking 58 percent of this outlay. Critics of Nigerian industrial policy, as it has evolved under successive governments, point to the predominance of industries that are highly reliant on foreign-sourced

raw materials. Industry is estimated to be operating at only 30 percent of capacity.

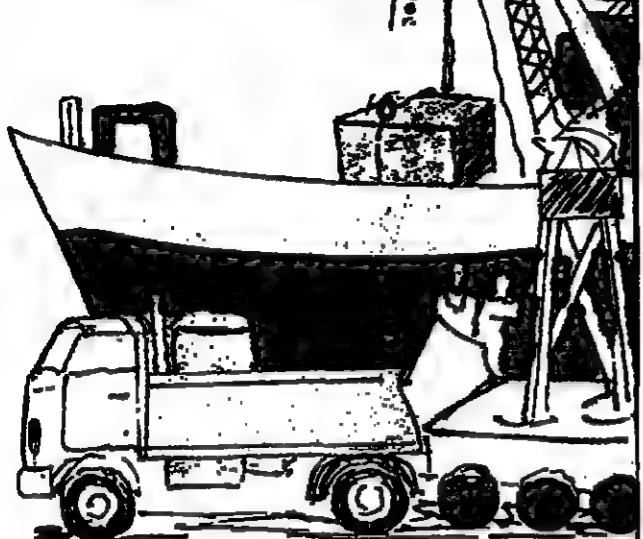
Bankers in Lagos say that "companies that approach 30 percent capacity production have only been able to do so by running down inventory." It is widely feared that with the tight squeeze on foreign-currency allotments, many industries will be forced to close, increasing the ranks of the unemployed by the thousands.

Bankers and industrialists say that an International Monetary Fund loan would bring with it the liberalization of trade, allowing the market to determine who imports what, thus eliminating the corruption and inefficiency associated with the practice of import licensing. It is argued that under these conditions, only the companies that are net earners of foreign exchange would be able to compete effectively for access to available resources.

One industrialist complained that although the government's tough restrictions on access to foreign exchange "is weeding out a lot of unproductive industries, it is threatening the minority of truly viable companies as well."

—HOWARD FRENCH

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Hotter Competition Challenges Traditional Banking Markets

By Patrick Smith

LONDON — After a decade of booming balance sheets, Africa's fastest-growing banking sector is in the throes of a major shake-up.

Increased competition is challenging the traditional market shares of the bigger banks while government demands for more financial discipline mean tighter controls on credit and money supply. All this is set against a further 30-percent drop in imports this year, which will cut deeper into the banks' lucrative earnings from trade finance.

Nigeria's banks have fared much better than the rest of the economy during the current recession, and as the chief executive of Nigeria's biggest commercial bank — Union Bank — Paul Ogunwala pointed out, "the return on capital in Nigerian banks is still much higher than in Europe or the U.S.A." Mr. Ogunwala was speaking after the publication of Union Bank's latest annual report, which showed a decline in the bank's profits from 64.9 million naira (\$78.3 million) to 61.2 million naira.

Banks should be prepared to see a drop of around 15 percent in their profits this year, Mr. Ogunwala said, but he is confident that when Nigerian banks come out of the recession they will be giving their customers better service and playing a more effective role in the national economy.

Internationally Nigeria's banking sector still looks healthy — its big three commercial banks are moving up the roster of the world's biggest 500 banks as drawn up by The Banker Journal. And international banks still are seeking partnerships with local banking interests in Nigeria. America's Citicorp banking group re-established itself in Nigeria last year, having left the country when the government introduced indigenization laws in the 1970s.

With an aggressive marketing policy and the introduction of new banking technology, financial circles in Lagos believe Citicorp's Nigerian associate bank will start taking customers away from the four or five biggest commercial banks. But there are plenty of opportunities for expansion, since Nigeria is underbanked with about one bank branch for every 100,000 Nigerians.

But under present conditions of recession the emphasis will be on improving customer services both for Nigeria's 26 commercial banks and its 11 merchant banks.

For the commercial banks this will mean the increasing computerization of operations and the setting up of an improved branch-to-branch communications network as well as building new branches in the more remote areas of the country. Merchant banks will have to concentrate on improving their range of corporate financial services like equity issues, investment advice, company flotation, stock market quotation, credit facilities and loan syndication.

Both merchant and commercial banks have been hit by successive years of import cuts and the corresponding loss of their trade finance business, although the merchant banks are confident of increasing their share of the foreign-trade business.

Under the new system of foreign-exchange allocations from the Central Bank of Nigeria, the banks compete with each other for the limited amount of foreign exchange — about \$4 billion — available for imports this year.

Banks will be dependent on how many letters of credit they can get confirmed from their foreign correspondents, and in this area the merchant banks claim greater efficiency over the larger and sometimes unwieldy commercial banks. But as access to short-term credit remains tight for importers in Nigeria, some banks are looking at a possible increase in countertrade business.

Nigeria recently concluded a \$1-billion countertrade deal swapping crude oil for raw materials and manufactured goods from Brazil. There is talk of further private-sector countertrade deals, and some bankers see such deals as an effective way to increase imported supplies without disrupting the government's tight foreign-exchange budgeting.

In the financial counterpart to its much publicized war against indiscipline, the government has adopted much more rigorous standards of public accounting. State government and government-owned corporations have been directed to balance their budgets, while the public-sector borrowing requirement has been cut dramatically and Nigeria's banks have been issued with tough new directives on the growth of private-sector credit. The government-controlled central bank is monitoring the private-sector banking activities much more closely.

The central bank's watchdog role consists of issuing policy guidelines to the banking sector in line with the government's broad economic

strategy. The guidelines require banks to lend more to the productive sectors of the economy, like manufacturing and agriculture, based on local resources and to lend less to the trading sector.

All commercial banks are required to site a certain number of the new branches in rural areas of the country, although this plan has met with some resistance as clearly the banks' most profitable branches are in the urban areas.

Just as government wants to play a bigger role in the country's banking operations, Nigeria's banks apparently want to play a bigger role in the running of the economy. Typical of this are the views of Umaru Mutallab, chief executive of the United Bank for Africa, one of the country's top three banks. "Imaginative ways must be found for greatly increasing the cooperation and collaboration between Nigeria's public and private sectors in every stage of external external financing, the choice of and the negotiations for sources of external finance, project management and overall external finance management," he said.

Mr. Mutallab echoes the views of many senior bankers in the country who argue that the government should make more use of financial expertise from Nigeria's indigenous private sector in preference to relying so heavily on advice from foreign financial institutions.

Nigeria's bankers want to be brought further into the ongoing negotiations over the rescheduling



A merchant banker at work in Lagos.

of the short-term trade arrears, and speakers at a recent conference on economic policy at Ibadan University said that Nigerian bankers should join their government's team in negotiations with the International Monetary Fund. So far, the private-sector bankers have provided government with financial information rather than play an active advisory role.

While the banks are sponsoring several new public-relations campaigns and want to take a higher profile in the society, the government seems likely to support this development, according to one senior Lagos banker. "Traditionally, military governments in Nigeria

have been much keener in bringing professionals in from the private sector as the military's cult of efficiency tends to override vested interests in the civil service," he said.

Government plans to privatize many of Nigeria's state-owned corporations will call for a major involvement from the banks, as will the government's campaign to attract new private investment — both domestic and foreign — into agriculture and industries based on local resources in Nigeria. The banks also will play a major role in the government's operation to refinance debts of some tens of millions of naira incurred by state government to numerous construction companies.

The Coming Debt-Service Crisis

By Richard Sygne

LAGOS — Nigeria is entering the 1985-1987 period of high debt-service obligations with little hope of substantial foreign exchange earnings from oil to enable it to withstand the shock. If oil earnings do not increase significantly, it is possible that the debt-service ratio will rise above the 50-percent mark, causing further problems in the day-to-day running of the economy.

In his December budget statement, the head of state, Major General Mohammed Buhari, showed the military government's intention to service Nigeria's external debt commitments in 1985 when he put the cost of debt servicing for the year at 3.5 billion naira (\$4.35 billion). This is around 44 percent of Nigeria's projected foreign exchange earnings, a sharp rise in the debt-service ratio from 24 percent in 1984 and 17.5 percent in 1983.

Bankers assume that in the absence of an International Monetary Fund loan and stabilization program, Nigeria will attempt to put a ceiling on its debt servicing by delaying its verification of claims for short-term debt, the one area of its commitments that the government can tailor according to the availability of funds.

Nigeria's debts fall into two categories: the short-term and the medium- to long-term. In the latter, Nigeria has not drawn on all the loan commitments that have been made and the level of debt is thought to be little more than \$10 billion, which is not unduly high. In the short-term category, claims have been made by international exporters in excess of \$8 billion. If this is verified, Nigeria is committed to amortizing it from the third quarter of next year, the point at which the "bunching" of the country's debt-service commitments will be heaviest.

In public statements, the government has set its face against new borrowing in an effort to show that Nigeria can pay its way in the world. This is where the country's need to buy time to repay its existing debts comes into sharper focus. The country has no alternative but to borrow more, and heavily, if it is to lay the basis of a more balanced economy.

Any substantial foreign borrowing for the kinds of projects that Nigeria is planning, such as a new \$500-million oil refinery, depends heavily on support from Western export credit agencies, which in the past two years have refused cover pending a Nigerian agreement with the IMF. With commercial banks reluctant to confirm letters of credit for Nigeria and with export credit cover limited, there is increasing pressure on Nigeria to consider using direct oil sales to guarantee credit lines.

There is little question that a deal with the IMF would bring substantial relief to Nigeria's external financial position, but the political risks inherent in the IMF's conditions have created what now appears to be an insuperable stumbling block.

Any substantial foreign borrowing for the kinds of projects that Nigeria is planning, such as a new \$500-million oil refinery, depends heavily on support from Western export credit agencies.

between the two sides. The military government is determined to display its ability to go it alone with its own austerity program.

The government's internal debts are also high. The government proposes to issue naira promissory notes to be redeemed over a five-year period, but bankers want the government to pay interest on these debts.

The methods of paying internal debts and the short-term trade debts to Nigeria's overseas suppliers are now being thrashed out by Finance Ministry officials. The delays experienced by local contractors and overseas suppliers are frustrating, but without an upsurge in the country's oil earnings, there is unlikely to be any quick relief at hand.

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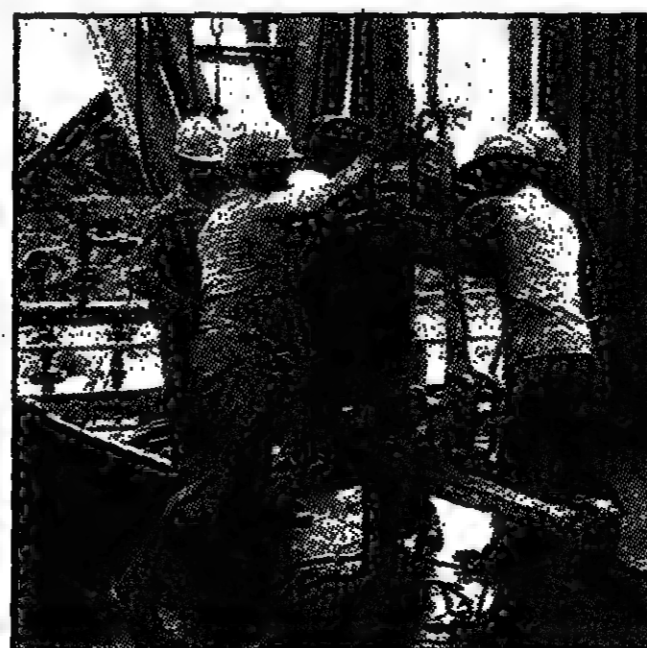
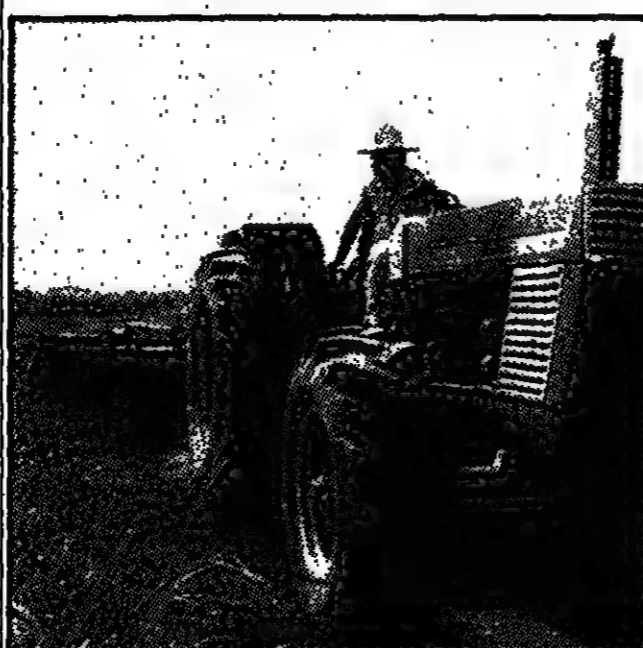
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A SPECIAL REPORT ON NIGERIA

Military Leadership Changes the Face of Federalized System

LAGOS — Ever since the end of the Biafran war 15 years ago, political theorists and constitutional lawyers have struggled long and hard to devise a formula for the distribution of power within Nigeria. They sought a system that on the one hand would encompass the demand for national unity but that on the other would accommodate the specific needs of one of the most diverse countries in Africa.

With more than 390 language groups coexisting in Nigeria without spawning a serious separatist movement and with a potentially strong base of oil revenues, Nigerians argue that national unity and economic strength can go hand in hand and they say that they owe it to the continent to try to prove it. Foreigners who were surprised at the speed of reconciliation after the war failed to understand the widespread feeling that Nigeria should never again be brought to the brink of destruction through separatism. The citizens of the biggest country in Africa — with an estimated population of about 100 million — see a continent that is ravaged by secessionist movements and crippled by economic adversity.

The division of Nigeria into regions on the old colonial-style military system of government was judged a failure after the civil war, and the first tentative moves toward federalism were made.

First, 12 states were carved out of the old regions, the argument

being that the states should reflect the real diversity of Nigeria's peoples and not just the stereotyped division of the country into northerners, westerners and easterners. But the 12-state system of federalism was unsatisfactory, so the head of state, Major General Murtala Mohammed, ordered that a further seven states should be drawn up in addition to a neutral territory in the center of the country that would become the site of Abuja, the country's new administrative capital.

The 1979 constitution, which remains in force despite the suspension of clauses relating to the operations of party political government, laid down a categorical division of powers between state and federal government. The state government is responsible for primary education, health services, agricultural extension work and road construction. State governments can sponsor scientific research and undertake economic development programs of any kind except mining.

As the second tier of government, the state governments are responsible for the third tier — hundreds of local government authorities dotted about the country — and any matters concerning relations with Nigeria's still powerful traditional rulers.

Except in a state of emergency, the 1979 constitution granted the head of state no formal powers over the state government, but the re-



Nigerians take their cattle to a deep well.

turn of military government has restructured this relationship.

State governments do retain their responsibilities but the military governors in charge of each state are told to regard their job as a military posting — that is a posting that can be reassigned without notice. The ruling body in Nigeria, the 20-member Supreme Military Council, also symbolically directed that the military governors should not refer to themselves as "your excellency." In contrast, it took a prolonged political dispute to impeach a governor of Cross River State, notice of his dismissal and the name of his replacement were announced the same day.

At the same time, the council has pushed some more responsibilities onto the state governments. The unwieldy River Basin development authorities previously spanning two or three states have been replaced by statewide agricultural development authorities. And in bitter memory of the financial profligacy of some civilian state governments, the council has directed that all state governments should produce balanced budgets and they have been warned by the finance minister, Onosapole Soleye, that the federal government will

not bail them out as it did with its emergency loans last year.

The council has decided not to change the system of revenue allocation established under civilian rule, which gives the federal government 55 percent of all accrued revenues. The state governments get 30 percent, the local governments get 10 percent and the remainder is divided among the mineral-producing states.

The states are allocated revenues on the basis of minimum responsibilities, which are considered to be equal for all states, and on the size of their populations, their efforts to raise revenues independently of federal government, and on a complex formula that assesses the social development of each state. Through its control of the purse strings, the federal government has a vital hold over state governments, which, despite their huge investments in industrial projects, cannot survive independently of federal revenues.

Apart from being the overall director of economic policy, the federal government controls the Nigerian police, which constitutes a single force throughout the federation. The federal government is responsible for the operational use of the armed forces.

The only serious threat to the federal government since the return of the military to power came in March last year when a band of

religious zealots started an uprising under the banner of the outlawed Maitatsine sect in Gongola state in the northeast of the country. The army was called in and several hundred lives were lost. But observers say the movement owes more to economic deprivation than any coherent challenge to federal power.

With the country's policy of religious pluralism, for example, in the middle-belt state of Plateau, a plethora of religious groups coexist without conflict despite conditions of austerity so severe that the military governor had to cut the state government's payroll by almost half.

All states have undergone rigorous economy drives, although some like Kano state, the commercial center of northern Nigeria, and Kaduna state, traditionally the administrative center of northern Nigeria, are better equipped to survive. For example, Oyo state, which had one of the most comprehensive educational programs in the country, has had to make significant cutbacks in public spending in the wake of reduced revenue generation and the national austerity drive.

Political commentators now say that the states have had to adjust to reality, but in the process of doing so they are having to walk an uneasy tightrope between national economic policy implementation and local demands.

— PATRICK SMITH

Import Surge Buys Shippers Despite Port Traffic Logjam

LAGOS — Nigeria is experiencing a revival in its import trade after a lean period in 1984, when the flow of goods fell to a trickle.

The upsurge in traffic, particularly at Apapa port in Lagos, has some shipping agencies fearful of a return to the dockside chaos that plagued Nigeria in the 1970s, after the first oil boom.

"There is a serious buildup of pressure on the port facilities," said the managing director of a European shipping line, "and evacuation of goods from the port is very slow." Containers have been most affected.

Among the causes of the Nigerian Ports Authority's organizational problems are the following: the simultaneous arrival of delayed 1984 imports, a million tons of fertilizer for the coming planting season, large amounts of food aid for Chad and Niger, and Nigeria's own food imports. Each category of goods is deemed urgent.

But in spite of the dockside difficulties, the shipping lines serving Nigeria are delighted to see a revival of the trade to Africa's biggest market. Traffic through Nigerian ports in 1984 was little over half that of the peak year of 1980, when goods totaling 20 million tons were handled.

The shakeout in the trade has already caused many smaller ship operators to suspend regular sailings and some are expected to drop out altogether. The biggest casualty in 1984 was Italy's Medafra line, which collapsed in October after becoming overexposed in the Nigerian market.

Nigeria accounted for up to 80 percent of Medafra's West African business and the line once operated 50 ships serving the region. But its collapse did little to cheer competitors, who still had to cut services to a minimum.

In addition to the stringent cutback in imports imposed by the military government in 1984, the shipping lines were hurt by the sudden switch in import inspection agencies in the fourth quarter of the year. Nigeria had for years used the services of Switzerland's Société Générale de Surveillance. Its replacement by a range of largely inexperienced inspection agencies around the world caused turmoil for exporters trying to ship goods to Nigeria before the expiry of their import licenses at the end of 1984.

The government, to keep the economy supplied, relented at the end of the year with a two-month extension of the validity of import

licenses and, more recently, gave a second two-month extension to the end of April.

Although the two extensions have given manufacturers and forwarders a much-needed breathing space, shipowners are urging exporters not to become complacent. A spokesman for one line said, "We expect another rush on space in April, similar to our position in February, during which we were inundated and fully booked three of four vessels ahead."

The new inspection agencies have had to learn about Nigerian trade in the midst of one of the busiest periods in recent years. Some exporters in Europe have complained about the efficiency of

aging effects of his "open door" regime on the nation's finances have provoked the current tight controls. Licensing and inspection are now required for nearly every category of goods.

The shipping lines that have withstood the battering of the Nigerian recession best are those that are grouped in the various conference lines, such as the U.K. West Africa Lines and the Continental Europe West Africa Conference. Some independent operators, however, have survived because of the highly specialized services they provide.

Britain's OT Africa Line, a leading operator of roll-on/roll-off services, has recently experimented

The shipping lines that have withstood the battering of the recession best are those that are grouped in the various conference lines, such as the U.K. West Africa Lines and the Continental Europe West Africa Conference. Some independent operators have survived because of specialized services they provide.

the new agencies, although experienced traders have commended them for adapting to Nigerian rules in such a brief period.

In Britain alone, Cotecna International is inspecting more than 100 consignments a day. At the beginning of this month, there were still more than 5,000 consignments awaiting the issue of "clean reports of findings" (covering price, quality and legality) before they could be shipped, leaving many exporters worried that they might miss the end-of-April deadline.

The risk of goods literally "missing the boat" because of the volatility of Nigeria's trading regulations is one that shipping lines now have to take as a matter of course. Each new government measure is intended to simplify and rationalize existing procedures, but exporters, forwarders and shipping lines have, over the years, seen major shifts in policy on import licensing and inspection.

From the increasingly heavy restrictions of the last military government in the 1970s, Nigeria swung to an almost complete lifting of import licensing under the civilian government of former President Shehu Shagari, but the dam-

aging effects of his "open door" regime on the nation's finances have provoked the current tight controls. Licensing and inspection are now required for nearly every category of goods.

With Nigeria's 1984 orders carried over into this year and some cargoes beginning to arrive on newly issued 1985 licenses, there is now a good chance that a reasonably consistent level of traffic will be sustained this year. The exceptional cargoes of fertilizers, food aid and commercial food supplies have also added to the shipping lines' gains.

While benefiting from the present boom, the shipowners are nevertheless aware that the prospects for Nigerian trade in the next two years remain uncertain. The staying power of the lines is still being tested to the limit, but Nigeria remains a highly attractive market with high potential.

— RICHARD SYNGE

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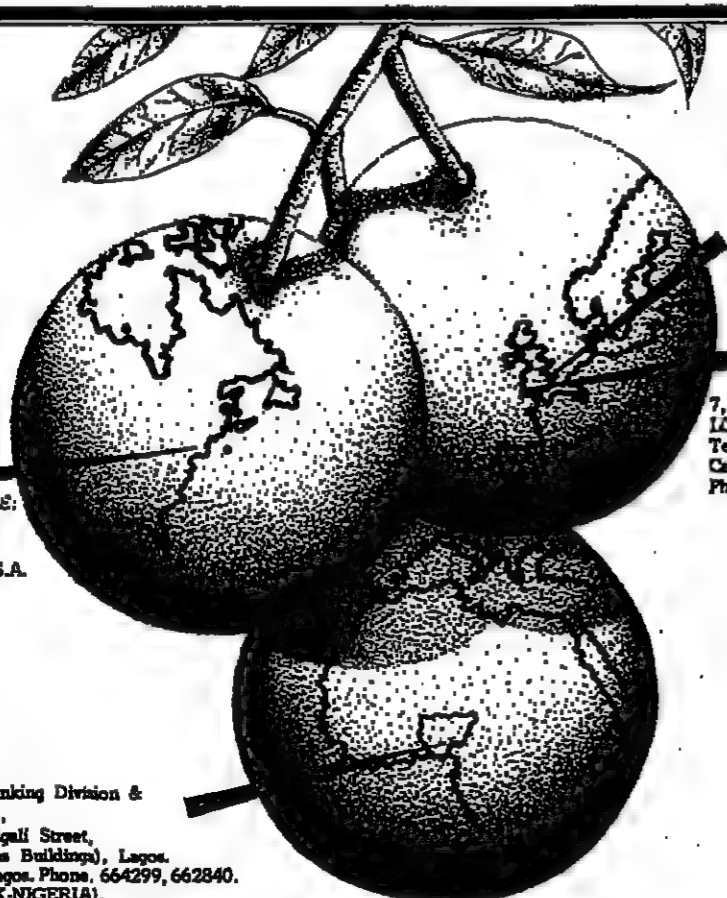
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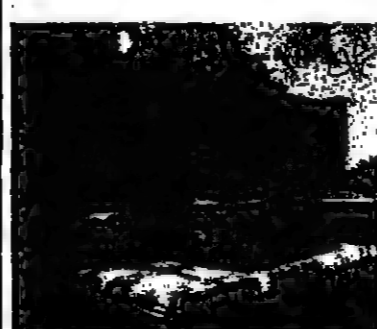
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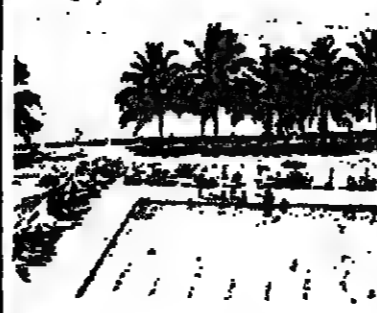
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Set in the Lagoon, this exciting "Floating Lounge" is just the place to watch the ships that pass anytime of the day. Very ideal for cocktail parties.

Boys Shippers Traffic Logjam

[illegible]

PARIS — In the autumn of 1967, Joe Farrell walked up to win Jones in Pookie's Pub in Greenwich Village and said: "I'd like to say that you're dead." He used to do that sort of thing. He had a lot nerve.

They formed a trio with Jimmy Urison, who had been John Coltrane's drummer and bassist, until Coltrane's death a month earlier. Coltrane was a hard act for an unown 30-year-old Italian-American to follow. A customer in a nightclub club called Farrell a "little devil."

Although over the next 10 years won three Down Beat magazine "10's — on tenor and soprano saxophones and flute — and was a key in Chick Corea's high-improvisation band Return to Forever, somewhere along the line he lost his nerve. He lost everything. In December 1983, he found himself sleeping under a bridge in North Hollywood.

DOONESBURY

After a year with Maynard Ferguson, he entered "the bleak '60s." It was "one dumb gig after another" — weddings, bar mitzvahs, anniversaries and showers on Long Island, four hours of continuous cornball music with four-bar modulations between songs. Lester Lanin, Meyer Davis — he played with them all.

He earned up to \$10,000 a month, three record dates a day, blew with Elvin Jones at night. He bought a Manhattan brownstone.

"I was hanging out with this lady who was into gambling — gorgeous lady. We used to go to Gardena, California, and play poker. It's just like dope. We'd sit at the table for three days without stopping except to go to the bathroom or when all the money was gone. It's a losing proposition."



Joe Farrell

Daughter's Book Saddens Actress

She said she does not expect to be treated like her frequent co-star, Joan Crawford, was in "Mommy Dearest," an expose by that actress' adopted daughter, Christina. "My Mother's Keeper," by Davis's daughter, Barbara, is scheduled to be published in May by William Morrow.

By Hebe Dorsey

MILAN FASHIONS

Color is the next most important story, in a logical follow-up on last spring's color explosion. One has only to see the windows in New York, Paris and Milan, bursting with pink (a winner), turquoise and yellow, to know that color is here to stay a while.

The impeccable hairdos, makeup and accessories, including lots of gloves, contribute to the new-couture feeling. There are still plenty of pants around, but they are the skintight, tight, ski-wear variety, which also turned up for evening in black velvet, satin or gold lamé. The three most important influences so far are all from Paris: Jean-Paul Gaultier's tapestry-look sweaters, Claude Montana's primary-color coats and Azzedine Alaïa's hourglass shape.

but for those whose lives revolve
around wealth.

Versace has done his homework. From suits to evening dresses, the collection shows research on cuts and techniques. Lynn Manulis, president of the Martha luxury boutiques in New York and Palm Beach, said: "Versace's is a very young and modern approach to important dressing. I liked it very much because he is talking to the woman who really wants to dress up, and he does it without being pompous."

Using a lot of velvet, Versace showed opulent suits topped by three-quarter-length coats. Dots— from pinpoint to dollar-sized, were everywhere, including on black velvet pumps. One of his most interesting ideas was butterfly collars, big and wide and framing the face: He showed them on coats and on long satin evening dresses. He also mixed bright and dark colors, such as deep charcoal with bright blue. His evening look is distinctly on the romantic side: crepe blouses sliding off black lace blouses, and a strong Klimt inspiration when it came to prints and embroidery.

Ferre is a serious designer who wants to be taken seriously — which can be good and bad. The good part is that he is the closest in Milan to delivering beautifully made, new-couture clothes. The bad part is that he can come on a bit heavy, not to say stuffy.

He handled the long colored coats with ease, and delivered the best chemise dress in Milan: Made of purple crêpe, it had a floating, elegant back. He showed a lot of color, including bright short coats — red, purple, green or yellow — over gray suits that looked like leftovers from the Chinese Cultural revolution.

Like Versace, he paid a lot of attention to the neck, with sculptural taffeta scarves in bright turquoise draped over black dresses. Necklines ranged from cropped and casual to full-flowing. Many were high-waisted, giving women an extra-leggy look. The best part of this collection was the coats with drawing backs.

Mariuccia Mandelli, who designs the Krizia collection, showed the strongest square shoulders in town. Her suits were sharp and



Evening dress of black lace under crepe by Versace

high-collared, like Nehru jackets, with tweed jackets often worn over leather pants or skirts. She brightened them up with fox furs worn bandolier style and fearlessly dyed blue, green or red.

Krizia is famous for its grand-entrance dresses, which this time included Fortuny-pleated tunics over black velvet pants, and black velvet sheaths adorned with spidery rhinestone work. Another group not for shrinking violets were the Renaissance gold lames, with multicolored crystal embroidery, featuring bib collars and bracelets worn above the elbows. Everyone always expects Mandelli to come up with an animal sweater, her speciality. This season it was the Seychelles fox, with startling blue embroidered eyes.

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ART DIRECTOR NANDO MIGLIO - FOTO ARTHUR ELGORT - ART WORK ALAS

NYSE Most Actives				
Symbol	Vol.	High	Low	Chg.
Philad	742	29 1/2	29 1/4	+ 1/4
IBM	142	24 1/2	24 1/4	+ 1/4
AT&T	138	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4

Dow Jones Averages				
Index	1984	1985	1986	1987
Indus	1274.75	1274.75	1274.75	1274.75
Trans	1274.75	1274.75	1274.75	1274.75
Comp	1274.75	1274.75	1274.75	1274.75
Indus	1274.75	1274.75	1274.75	1274.75
Trans	1274.75	1274.75	1274.75	1274.75

NYSE Index				
Index	1984	1985	1986	1987
Composite	1274.75	1274.75	1274.75	1274.75
Indus	1274.75	1274.75	1274.75	1274.75
Trans	1274.75	1274.75	1274.75	1274.75
Comp	1274.75	1274.75	1274.75	1274.75

Monday's NYSE Closing

Vol. of 3 P.M. 71,120,000
Prev. 3 P.M. vol. 81,200,000
Prev. consolidated close 122,920,000

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

AMEX Diaries				
Advanced	Declined	Unchanged	Total Issues	New Issues
212	212	212	212	212
212	212	212	212	212
212	212	212	212	212
212	212	212	212	212

NASDAQ Index				
Index	1984	1985	1986	1987
Composite	1274.75	1274.75	1274.75	1274.75
Indus	1274.75	1274.75	1274.75	1274.75
Trans	1274.75	1274.75	1274.75	1274.75
Comp	1274.75	1274.75	1274.75	1274.75

AMEX Most Actives				
Symbol	Vol.	High	Low	Chg.
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4
Amgen	135	24 1/2	24 1/4	+ 1/4

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Chg.
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4

Volume Turns Lower on NYSE

NEW YORK — The stock market turned mixed late Monday in moderate trading, with investors restrained by a number of uncertainties. The Dow Jones industrial average was up 0.99, to 1270.65, an hour before the close. The Dow had been slightly lower most of the session after starting out higher.

Declines led advances 856-592 among the 1,940 issues crossing the NYSE tape. The five-hour Big Board volume fell to about 71.3 million shares from 81.2 million in the same period Friday.

Analysts said the U.S. dollar and interest rates were twin concerns for investors. Eugene Peroni, of Bateman Eichler, Hill

He said the advance could be renewed when corporate earnings exceed analysts' forecasts, which in many cases were downgraded.

"Reality has fallen short of what the market had been anticipating," said Monte Gordon of Dreyfus Corp. He said the budget deficit appears to be getting bigger, not smaller.

"The strong dollar and the trade deficit have moved to center stage," Mr. Gordon said. He added that people are realizing inflation is low because more goods are coming in from overseas, including high technology products.

The end result, Mr. Gordon said, is that many of the same problems that worried investors in 1984 continue to exist and the result is uncertainty about where things go from here.

Despite the negative assessment, Mr. Gordon said he expects the stock market to hold in a roughly a 1,250-1,300 trading range on the Dow index with a pattern of chopiness likely to continue for a while.

Phillips Petroleum was near the top of the active list and lower at midday. A block of 627,000 shares crossed the tape at 48 1/2. There were blocks of 300,000 shares at 49 1/2 and 350,000 shares crossed at 49 1/2.

Actively traded IBM was higher at mid-session. Digital Equipment also moved higher. Data General had a sharp loss at midday and Data Instruments also lost ground.

Castle & Cooke was lower on heavy volume. The company said Friday it has been talking about the possibility of a merger with another concern which it did not identify. Castle & Cooke has been talking with lenders about restructuring \$250 million in debt.

General Motors and Ford were fractionally lower at midday.

Richards in Los Angeles, pointed out that volume had slowed considerably from the heavy pace seen since the first of the year. He said some professional investors may be waiting for a new entry point below present levels before they begin buying stocks.


Uncertainty over interest rates was a major problem, Mr. Peroni said. Although the Federal Reserve has insisted it is not tightening credit, he said, some investors are worried about the possibility nevertheless.

"The euphoria of January has dissipated and is no longer present," Mr. Peroni added. "The market is fully consolidated following the January run-up, and does not have the spark of any particular motivation."

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Chg.
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Chg.
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4
22 1/2	22 1/4	AAR	.48	2.4	14	22 1/2	22 1/4	+ 1/4

INVESTMENT OPPORTUNITY



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CURRENCIES AND OPTIONS

Link - Abroad

Interest Rates

Gold Prices

U.S. Futures March 11

Soybean Season High Low Open High Low Close Chg.

Wheat (CBT)	High	Low	Open	High	Low	Close	Chg.
1984-85	2.10	2.08	2.09	2.10	2.08	2.09	+0.01
1985-86	2.15	2.13	2.14	2.15	2.13	2.14	+0.01
1986-87	2.20	2.18	2.19	2.20	2.18	2.19	+0.01
1987-88	2.25	2.23	2.24	2.25	2.23	2.24	+0.01
1988-89	2.30	2.28	2.29	2.30	2.28	2.29	+0.01
1989-90	2.35	2.33	2.34	2.35	2.33	2.34	+0.01
1990-91	2.40	2.38	2.39	2.40	2.38	2.39	+0.01
1991-92	2.45	2.43	2.44	2.45	2.43	2.44	+0.01
1992-93	2.50	2.48	2.49	2.50	2.48	2.49	+0.01
1993-94	2.55	2.53	2.54	2.55	2.53	2.54	+0.01
1994-95	2.60	2.58	2.59	2.60	2.58	2.59	+0.01
1995-96	2.65	2.63	2.64	2.65	2.63	2.64	+0.01
1996-97	2.70	2.68	2.69	2.70	2.68	2.69	+0.01
1997-98	2.75	2.73	2.74	2.75	2.73	2.74	+0.01
1998-99	2.80	2.78	2.79	2.80	2.78	2.79	+0.01
1999-00	2.85	2.83	2.84	2.85	2.83	2.84	+0.01
2000-01	2.90	2.88	2.89	2.90	2.88	2.89	+0.01
2001-02	2.95	2.93	2.94	2.95	2.93	2.94	+0.01
2002-03	3.00	2.98	2.99	3.00	2.98	2.99	+0.01
2003-04	3.05	3.03	3.04	3.05	3.03	3.04	+0.01
2004-05	3.10	3.08	3.09	3.10	3.08	3.09	+0.01
2005-06	3.15	3.13	3.14	3.15	3.13	3.14	+0.01
2006-07	3.20	3.18	3.19	3.20	3.18	3.19	+0.01
2007-08	3.25	3.23	3.24	3.25	3.23	3.24	+0.01
2008-09	3.30	3.28	3.29	3.30	3.28	3.29	+0.01
2009-10	3.35	3.33	3.34	3.35	3.33	3.34	+0.01
2010-11	3.40	3.38	3.39	3.40	3.38	3.39	+0.01
2011-12	3.45	3.43	3.44	3.45	3.43	3.44	+0.01
2012-13	3.50	3.48	3.49	3.50	3.48	3.49	+0.01
2013-14	3.55	3.53	3.54	3.55	3.53	3.54	+0.01
2014-15	3.60	3.58	3.59	3.60	3.58	3.59	+0.01
2015-16	3.65	3.63	3.64	3.65	3.63	3.64	+0.01
2016-17	3.70	3.68	3.69	3.70	3.68	3.69	+0.01
2017-18	3.75	3.73	3.74	3.75	3.73	3.74	+0.01
2018-19	3.80	3.78	3.79	3.80	3.78	3.79	+0.01
2019-20	3.85	3.83	3.84	3.85	3.83	3.84	+0.01
2020-21	3.90	3.88	3.89	3.90	3.88	3.89	+0.01
2021-22	3.95	3.93	3.94	3.95	3.93	3.94	+0.01
2022-23	4.00	3.98	3.99	4.00	3.98	3.99	+0.01
2023-24	4.05	4.03	4.04	4.05	4.03	4.04	+0.01
2024-25	4.10	4.08	4.09	4.10	4.08	4.09	+0.01
2025-26	4.15	4.13	4.14	4.15	4.13	4.14	+0.01
2026-27	4.20	4.18	4.19	4.20	4.18	4.19	+0.01
2027-28	4.25	4.23	4.24	4.25	4.23	4.24	+0.01
2028-29	4.30	4.28	4.29	4.30	4.28	4.29	+0.01
2029-30	4.35	4.33	4.34	4.35	4.33	4.34	+0.01
2030-31	4.40	4.38	4.39	4.40	4.38	4.39	+0.01
2031-32	4.45	4.43	4.44	4.45	4.43	4.44	+0.01
2032-33	4.50	4.48	4.49	4.50	4.48	4.49	+0.01
2033-34	4.55	4.53	4.54	4.55	4.53	4.54	+0.01
2034-35	4.60	4.58	4.59	4.60	4.58	4.59	+0.01
2035-36	4.65	4.63	4.64	4.65	4.63	4.64	+0.01
2036-37	4.70	4.68	4.69	4.70	4.68	4.69	+0.01
2037-38	4.75	4.73	4.74	4.75	4.73	4.74	+0.01
2038-39	4.80	4.78	4.79	4.80	4.78	4.79	+0.01
2039-40	4.85	4.83	4.84	4.85	4.83	4.84	+0.01
2040-41	4.90	4.88	4.89	4.90	4.88	4.89	+0.01
2041-42	4.95	4.93	4.94	4.95	4.93	4.94	+0.01
2042-43	5.00	4.98	4.99	5.00	4.98	4.99	+0.01
2043-44	5.05	5.03	5.04	5.05	5.03	5.04	+0.01
2044-45	5.10	5.08	5.09	5.10	5.08	5.09	+0.01
2045-46	5.15	5.13	5.14	5.15	5.13	5.14	+0.01
2046-47	5.20	5.18	5.19	5.20	5.18	5.19	+0.01
2047-48	5.25	5.23	5.24	5.25	5.23	5.24	+0.01
2048-49	5.30	5.28	5.29	5.30	5.28	5.29	+0.01
2049-50	5.35	5.33	5.34	5.35	5.33	5.34	+0.01
2050-51	5.40	5.38	5.39	5.40	5.38	5.39	+0.01
2051-52	5.45	5.43	5.44	5.45	5.43	5.44	+0.01
2052-53	5.50	5.48	5.49	5.50	5.48	5.49	+0.01
2053-54	5.55	5.53	5.54	5.55	5.53	5.54	+0.01
2054-55	5.60	5.58	5.59	5.60	5.58	5.59	+0.01
2055-56	5.65	5.63	5.64	5.65	5.63	5.64	+0.01
2056-57	5.70	5.68	5.69	5.70	5.68	5.69	+0.01
2057-58	5.75	5.73	5.74	5.75	5.73	5.74	+0.01
2058-59	5.80	5.78	5.79	5.80	5.78	5.79	+0.01
2059-60	5.85	5.83	5.84	5.85	5.83	5.84	+0.01
2060-61	5.90	5.88	5.89	5.90	5.88	5.89	+0.01
2061-62	5.95	5.93	5.94	5.95	5.93	5.94	+0.01
2062-63	6.00	5.98	5.99	6.00	5.98	5.99	+0.01
2063-64	6.05	6.03	6.04	6.05	6.03	6.04	+0.01
2064-65	6.10	6.08	6.09	6.10	6.08	6.09	+0.01
2065-66	6.15	6.13	6.14	6.15	6.13	6.14	+0.01
2066-67	6.20	6.18	6.19	6.20	6.18	6.19	+0.01
2067-68	6.25	6.23	6.24	6.25	6.23	6.24	+0.01
2068-69	6.30	6.28	6.29	6.30	6.28	6.29	+0.01
2069-70	6.35	6.33	6.34	6.35	6.33	6.34	+0.01
2070-71	6.40	6.38	6.39	6.40	6.38	6.39	+0.01
2071-72	6.45	6.43	6.44	6.45	6.43	6.44	+0.01
2072-73	6.50	6.48	6.49	6.50	6.48	6.49	+0.01
2073-74	6.55	6.53	6.54	6.55	6.53	6.54	+0.01
2074-75	6.60	6.58	6.59	6.60	6.58	6.59	+0.01
2075-76	6.65	6.63	6.64	6.65	6.63	6.64	+0.01
2076-77	6.70	6.68	6.69	6.70	6.68	6.69	+0.01
2077-78	6.75	6.73	6.74	6.75	6.73	6.74	+0.01
2078-79	6.80	6.78	6.79	6.80	6.78	6.79	+0.01
2079-80	6.85	6.83	6.84	6.85	6.83	6.84	+0.01
2080-81	6.90	6.88	6.89	6.90	6.88	6.89	+0.01
2081-82	6.95	6.93	6.94	6.95	6.93	6.94	+0.01
2082-83	7.00	6.98	6.99	7.00	6.98	6.99	+0.01
2083-84	7.05	7.03	7.04	7.05	7.03	7.04	+0.01
2084-85	7.10	7.08	7.09	7.10	7.08	7.09	+0.01
2085-86	7.15	7.13	7.14	7.15	7.13	7.14	+0.01
2086-87	7.20	7.18	7.19	7.20	7.18	7.19	+0.01
2087-88	7.25	7.23	7.24	7.25	7.23	7.24	+0.01
2088-89	7.30	7.28	7.29	7.30	7.28	7.29	+0.01
2089-90	7.35	7.33	7.34	7.35	7.33	7.34	+0.01
2090-91	7.40	7.38	7.39	7.40	7.38	7.39	+0.01
2091-92	7.45	7.43	7.44	7.45	7.43	7.44	+0.01
2092-93	7.50	7.48	7.49	7.50	7.48	7.49	+0.01
2093-94	7.55	7.53	7.54	7.55	7.53	7.54	+0.01
2094-95	7.60	7.58	7.59	7.60	7.58	7.59	+0.01
2095-96	7.65	7.63	7.64	7.65	7.63	7.64	+0.01
2096-97	7.70	7.68	7.69	7.70	7.68	7.69	+0.01
2097-98	7.75	7.73	7.74	7.75	7.73	7.74	+0.01
2098-99	7.80	7.78	7.79	7.80	7.78	7.79	+0.01
2099-00	7.85	7.83	7.84	7.85	7.83	7.84	+0.01
2100-01	7.90	7.88	7.89	7.90	7.88	7.89	+0.01
2101-02	7.95	7.93	7.94	7.95	7.93	7.94	+0.01
2102-03	8.00	7.98	7.99	8.00	7.98	7.99	+0.01
2103-04	8.05	8.03	8.04	8.05	8.03	8.04	+0.01
2104-05	8.10	8.08	8.09	8.10	8.08	8.09	+0.01
2105-06	8.15	8.13	8.14	8.15	8.13	8.14	+0.01
2106-07	8.20	8.18	8.19	8.20	8.18	8.19	+0.01
2107-08	8.25	8.23	8.24	8.25	8.23	8.24	+0.01
2108-09	8.30	8.28	8.29	8.30	8.28	8.29	+0.01
2109-10	8.35	8.33	8.34	8.35	8.33	8.34	+0.01
2110-11	8.40	8.38	8.39	8.40	8.38	8.39	+0.01
2111-12	8.45	8.43	8.44	8.45	8.43	8.44	+0.01
2112-13	8.50	8.48	8.49	8.50	8.48	8.49	+0.01
2113-14	8.55	8.53	8.54	8.55	8.53	8.54	+0.01
2114-15	8.60	8.58	8.59	8.60	8.58	8.59	+0.01
2115-16	8.65	8.63	8.64	8.65	8.63	8.64	+0.01
2116-17	8.70	8.68	8.69	8.70	8.68	8.69	+0.01
2117-18	8.75	8.73	8.74	8.75	8.73	8.74	+0.01
2118-19	8.80	8.78	8.79	8.80	8.78	8.79	+0.01
2119-20	8.85	8.83	8.84	8.85	8.83	8.84	+0.01
2120-21	8.90	8.88	8.89	8.90	8.88	8.89	+0.01
2121-22	8.95	8.93	8.94	8.95	8.93	8.94	+0.01
2122-23	9.00	8.98	8.99	9.00	8.98	8.99	+0.01
2123-24	9.05	9.03	9.04	9.05	9.03	9.04	+0.01
2124-25	9.10	9.08	9.09	9.10	9.08	9.09	+0.01
2125-26	9.15	9.13	9.14	9.15	9.13	9.14	+0.01
2126-27	9.20	9.18	9.19	9.20	9.18	9.19	+0.01
2127-28	9.25	9.23	9.24	9.25	9.23	9.24	+0.01
2128-29	9.30	9.28	9.29	9.30	9.28	9.29	+0.01
2129-30	9.35	9.33	9.34	9.35	9.33	9.34	+0.01
2130-31	9.40	9.38	9.39	9.40	9.38	9.39	+0.01
2131-32	9.45	9.43	9.44	9.45	9.43	9.44	+0.01
2132-33	9.50	9.48	9.49	9.50	9.48	9.49	+0.01
2133-34	9.55	9.53	9.54	9.55	9.53	9.54</	

BUSINESS ROUNDUP

Egyptians Buy Control of Harrods

By Our Staff From Damascus
ONDON—The al-Fayed family of Egypt on Monday raised its stake in Harrods of London to 51 percent, a statement from the family's merchant said.

The al-Fayed family purchased 20.9 million additional shares of Fraser

at 403.5 (\$4.30) pence each, the statement said. The purchase, which brought their total holdings of Fraser to 78.4 million shares, is conditional upon government approval.

The announcement came several hours after the Lomro mining and ranching conglomerate said it had sold nearly all its 6.3-percent stake in Fraser but still hoped to take

over Harrods, the biggest money-maker in the chain, at some point.

However, unless the government blocks the al-Fayed takeover, the 102-store retailing company and its crown jewel, Harrods, will have been acquired by the Egyptians.

In a statement to the London Stock Exchange, Lomro said its directors decided to sell their 6.3-percent holding in view of the "strong possibility" that the al-Fayed bid would be referred to the Monopolies Commission.

If the al-Fayed bid goes to the commission, the price of House of Fraser stock would be expected to fall due to concern that the takeover might be blocked.

Roland W. Rowland, chairman of Lomro, has asked Norman Tebbit, the trade and industry secretary, to refer the al-Fayed bid to the Monopolies Commission, saying it was "only fair" that it should be subject to the "same lengthy and grueling investigation as Lomro" during Lomro's efforts to acquire control of Fraser.

Mr. Tebbit said he was under pressure to refer the case to the commission, particularly by Mr. Rowland, who could take advantage of the delay to organize a counteroffer, and by other interests who want to see the chain remain in British hands.

The al-Fayed family owns the Ritz Hotel in Paris and shipping, oil, banking and construction interests around the world. (AP, AFP)

Pan Am, Union Ordered to Hold Talks on Strike

New York Times Service

NEW YORK—A federal mediator has instructed Pan American World Airways and Transport Workers Union officials to meet Wednesday to try to end a walkout that began Feb. 28.

The order, issued Sunday in New York, was reported by a Washington spokesman for the National Mediation Board.

Negotiators for the company and the striking union locals have not met since the strike began. The 5,800 strikers, including mechanics, baggage handlers and food-service workers, walked out after contract talks broke down over pensions and wage freezes proposed by the airline.

Local 504, representing 4,000 strikers, most of whom work at Kennedy International Airport, held a strategy session on Sunday hours before Robert J. Brown, the mediator, issued his call for Wednesday's meeting.

John Kerrigan, an international vice president of the Transport Workers Union, said Sunday that no decision was made on a proposed meeting with C. Edward Ackers, the chairman and chief executive of Pan Am.

COMPANY NOTES

American Can Co. of Greenwich, Connecticut, said it has agreed in principle to acquire Champion International Corp.'s flexible packaging operations for an undisclosed amount of cash.

Ameritrust Corp. of Cleveland, Ohio, said its board approved a two-for-one split of outstanding common stock.

Asahi Chemical Industry Ltd. said it will make a 1-for-20 bonus issue on May 1 to shareholders registered March 31 to return premiums partially accumulated by a 100 million Swiss franc (\$34.6 million) convertible bond issued in May 1984, which is now 97.2 percent converted.

Asarco Inc. said in New York it has sued Robert Holmes & Court and 12 corporate affiliates under its control alleging violations of the Securities and Exchange Act. The complaint asserts the defendants misrepresented their purpose in acquiring Asarco shares.

Best Buy Co. of Minneapolis said it has filed with the Securities and Exchange Commission for a proposed offering of 750,000 shares of common stock expected to be priced at \$13 to \$15 per share. The offering is expected to become effective in April.

Financial Corp. of America said it expects to show a loss of between \$300 million and \$700 million for 1984 when its year-end financial statement is released later this month. The projected losses were attributed to setting aside massive reserves to cover problem loans and real estate investments.

General Electric PLC said it bought a further 2 million shares of its own ordinary shares for cancellation. The company paid 197 pence (\$2.08) per share.

Hitachi Ltd. said Hitachi Semiconductor America Inc., a wholly owned subsidiary, will produce 256-kilobit dynamic random access memories in Dallas starting this summer, with an initial output of 50,000 to 100,000 a month.

Micro Security Systems Inc. of Salt Lake City, Utah, said it has postponed its annual meeting scheduled for Friday because of an inquiry it is conducting into the liquidity and valuation of its holdings that could result in a "material reduction" of its assets.

Stine Darby Ltd. said in London its second-half results are not likely to be better than its first half despite strong performance from its plantation division. It said losses in the Malaysia region were mostly due to start-up of new projects and the need to provide for exceptional debt provision for an associate company.

Southwest Airlines Inc. and Muse Air Corp. of Dallas have agreed to merge with Muse becoming a wholly owned subsidiary, a Southwest spokesman said.

Wolverine Technologies Inc. of Lincoln Park, Michigan, said Synalloy Corp. has withdrawn its offer to acquire it. It also said it has signed an agreement with Barry Cohen, a director of Wolverine and Synalloy, to buy 351,000 shares of his Wolverine common at \$7 a share.

NOTICE TO THE SHAREHOLDERS OF

I.O.S., LTD. AND SHAREHOLDERS AND BENEFICIARIES OF TRANSGLOBAL FINANCIAL SERVICES LIMITED (Formerly Investors Overseas Services Management Limited)

THE CLARKSON COMPANY LIMITED, in its capacity as Court-appointed Liquidator of I.O.S., Ltd. and as Agent of the Trustee of the assets of Transglobal Financial Services Limited (formerly Investors Overseas Services Management Limited), has important information to report to all persons who have an interest in either of these two companies.

Such persons should immediately send their full names, mailing addresses and particulars of their shareholdings or other interest to the following address:

THE CLARKSON COMPANY LIMITED
 Attention: IOS/TF5
 P.O. Box 251
 Toronto-Dominion Centre
 Toronto, CANADA
 M5K 1J7

Upon receipt of your name and address, a written report on the current position of these companies and the potential value of their shares will be sent immediately.

You are urged to respond to this notice immediately. The information is essential to pay any money which may become payable to shareholders as a result of recent developments.

This notice applies only to I.O.S., Ltd. and Transglobal Financial Services Limited. It does not apply to other IOS related companies or mutual funds.

Coleco Cites Adam Computer Quarterly, Yearly Losses

The Associated Press

HARTFORD, Conn.—Hurt by the withdrawal of the home computer from the Coleco Industries reported today a \$93.2-million loss for the third quarter of 1984, compared to a \$35-million loss in the 1983

year. Coleco, which also makes Cabbage Patch dolls, lost \$79.8 million

Philips Plans to Restructure Business Lines

The Associated Press

AMSTERDAM—N.V. Philips will reorganize two business lines that have shown disappointing profit growth, the company said Monday.

Philips said it was setting up at least 725 million Dutch guilders (about \$190 million) to subsidize its audio-visual products operations and its domestic appliances business.

Last year, Philips worldwide operations earned 1.1 billion guilders on sales of 53.8 billion.

for all of 1984 compared with a \$7.4-million loss for 1983, the company's president, Arnold Greenberg, said in a letter to stockholders.

Last year's operating profit of \$208.6 million from the company's toy segment was more than offset by the combination of a \$140-million operating loss in the consumer electronics segment and a \$118.6-million loss associated with the Adam computer system, Mr. Greenberg said.

Revenue for the three months ended Dec. 31 was \$240.9 million, up 37.3 percent from \$175.5 million in the 1983 quarter. Revenue for the full year rose 29.9 percent, to \$774.9 million, from \$596.5 million in 1983.

The 1984 loss cut the company's working capital by \$26.5 million to \$81.3 million, and net worth has declined to \$10.5 million, Mr. Greenberg said.

Bank debt was reduced by \$60 million during 1984 to \$106 million, and has been further reduced by \$20 million since the beginning of 1985, Mr. Greenberg noted.

The strong 1984 performance of the company's toy segment was due primarily to the success of its Cabbage Patch Kids line. Sales for the line exceeded \$340 million.

Behind Tennessee's Thriving Japanese Connection

(Continued from Page 17)

by Nissan Motor Manufacturing Corp. USA.

But perhaps none of the above explains why a big Japanese company would decide to put a plant in Tennessee. Another reason is that the state can be generous.

The state government spent \$12 million for new roads to lead Nissan plant and \$7 million to help train plant employees. Rutherford County, site of the plant, gave a \$10-million tax break.

Unions have also been traditionally weak in this area. Tennessee is a "right-to-work" state, which makes union organizing more difficult. According to the Tennessee Department of Economic and Community Development, the state's productivity is higher than the U.S. average, and the average hourly wage is lower—\$7.49 versus \$8.84 nationally.

These reasons explain a lot why Tennessee—and the South—has attracted foreign industry. But each situation is different, as the governor points out. For instance, Nissan has no union, but Toshiba and Bridgestone do.

Marvin Runyon, the American president of Nissan Motor Manufacturing, says that at its Smyrna plant, Nissan pays wages "comparable" to average earnings in the domestic auto industry.

"Nissan said that it would not compete on the basis of wages," Mr. Runyon said. "We'll compete on technology and management."

The Tennessee-Tokyo connection goes back to the late 1970s. Sharp and Toshiba began operations in the state in 1978, for example—and the early comers can tell prospective Japanese newcomers what Tennessee is really like.

"The Japanese community is very tight," the governor said. "Consensus is important."

Surprisingly few Japanese—perhaps 125 to 200—have come to Tennessee as a result of the new plants. While Bridgestone and Toshiba have Japanese managers overseeing operations, the big Nissan plant strives to keep the Japanese in the background. Mr. Runyon said there were 17 employed, with the number to be reduced to 13.

"It's a very nice place and I enjoy my job intensely," said Toshiaki Masuda, executive vice president and general manager at Toshiba America Inc. in Lebanon. "But there's just one thing," he smiled. "There are no good Japanese restaurants."

Mr. Masuda said Toshiba chose Tennessee because of its location, the aid from the state government and the quality of the work force. The employees are "friendly, kind and very good persons," he said.

At Nissan in Smyrna, Mr. Runyon, who worked at Ford for 37 years, dresses in blue work pants and shirt, just like many of the 2,600 employees in his plant. His first name, "Marvin," is embroidered on one side of the shirt and "Nissan" on the other.

Mr. Runyon's message is quality. "I'm not saying we're not in business to make money," he said, "but if you don't produce quality, you will go out of business."

The Nissan plant, equipped with 230 robots, plans to make Sentras starting March 26. The plant began making pickup trucks in June 1983.

According to Mr. Zaitse, the Nissan Motor chairman, Nissan looked at 64 sites in eight states before narrowing its choice to Smyrna and Chattanooga, Georgia, with Smyrna getting the final nod. Before that, Smyrna, about 18 miles southeast of Nashville, was known mainly for a colorful country mayor and as a speed trap on the road between Nashville and Chattanooga.

In Lebanon, Mr. Masuda, the general manager for Toshiba, said his philosophy was that a clean factory area promotes the making of quality products. The plant, which employs 650, is currently planning to increase its television production by 50 percent, its second such expansion.

Things are done the Japanese way, including the inventory system, which puts pressure on parts vendors to meet specific delivery dates.

"We had to explain, explain, explain many times," Mr. Masuda said. "When the vendors made mistakes, we went to visit them. We made steady progress with the cooperative style."

By contrast, at Bridgestone's plant in La Vergne, Kazuo Ishikawa, president of Bridgestone Tire Manufacturing (U.S.A.) Inc., said its approach had American roots.

"Our management tools are total quality control and management by objective," he said. "We learned this from scholars in the United States many years ago, so there is nothing Oriental or mysterious about it."

Bridgestone, Japan's largest tire maker, bought an aging tire plant from Firestone two years ago and by all appearances is making it work.

The company, which makes radial tires for trucks, put out its millionth tire last month. It employs about 1,100 people, produces 2,000 tires a day and hopes to expand that with productivity improvements to 3,000. When Bridgestone bought the plant for \$32 million, employment had fallen to 800, and the plant's survival was in question.

Land Investments in Houston, Texas, U.S.A. EXCELLENT OPPORTUNITIES For information contact: Lloyd J. Williams Realtors 5629 FM 1960 West, Suite 210 Houston, TX 77059 Tel: (713) 596-9399, Telex 587356

Gold Options (prices in \$/oz.)
 Price May Aug Nov
 20 130.150 127.212 125.243
 30 129.800 126.800 124.800
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 1970 61.900 58.900 58.900
 1980 61.550 58.550 58.550
 1990 61.200 58.200 58.200
 2000 60.850 57

Over-the-Counter

NASDAQ National Market Prices

March 11

(Continued from Page 20)

Symbol	1984	High	Low	3 P.M.	Chg
IBM	120 1/4	120 3/4	120 1/4	120 3/4	+ 1/4
Microsoft	28 1/2	28 3/4	28 1/2	28 3/4	+ 1/4
Apple	29 1/2	29 3/4	29 1/2	29 3/4	+ 1/4
Oracle	24 1/2	24 3/4	24 1/2	24 3/4	+ 1/4
Unisys	22 1/2	22 3/4	22 1/2	22 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4

March 11

NASDAQ National Market Prices

(Continued from Page 20)

Symbol	1984	High	Low	3 P.M.	Chg
IBM	120 1/4	120 3/4	120 1/4	120 3/4	+ 1/4
Microsoft	28 1/2	28 3/4	28 1/2	28 3/4	+ 1/4
Apple	29 1/2	29 3/4	29 1/2	29 3/4	+ 1/4
Oracle	24 1/2	24 3/4	24 1/2	24 3/4	+ 1/4
Unisys	22 1/2	22 3/4	22 1/2	22 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4

March 11

NASDAQ National Market Prices

(Continued from Page 20)

Symbol	1984	High	Low	3 P.M.	Chg
IBM	120 1/4	120 3/4	120 1/4	120 3/4	+ 1/4
Microsoft	28 1/2	28 3/4	28 1/2	28 3/4	+ 1/4
Apple	29 1/2	29 3/4	29 1/2	29 3/4	+ 1/4
Oracle	24 1/2	24 3/4	24 1/2	24 3/4	+ 1/4
Unisys	22 1/2	22 3/4	22 1/2	22 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4

March 11

NASDAQ National Market Prices

(Continued from Page 20)

Symbol	1984	High	Low	3 P.M.	Chg
IBM	120 1/4	120 3/4	120 1/4	120 3/4	+ 1/4
Microsoft	28 1/2	28 3/4	28 1/2	28 3/4	+ 1/4
Apple	29 1/2	29 3/4	29 1/2	29 3/4	+ 1/4
Oracle	24 1/2	24 3/4	24 1/2	24 3/4	+ 1/4
Unisys	22 1/2	22 3/4	22 1/2	22 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4

Japanese Firms Discuss Ways to Aid Fuji Kosen

TOKYO — Four Japanese oil refiners and distributors and the Industry Ministry are discussing ways to help Fuji Kosen Co. to clear large liabilities, industry sources said Monday.

The four companies, Toa Nenryo Kogyo K.K., Nippon Mining Co., Kashima Oil Co. and Kyodo Oil Co., plan to detail rehabilitation measures by the end of March, they said.

For Kosen, a major producer of lubricants, reported excess liabilities of 47.5 billion yen (\$219 million) last September. Fuji must clear excess liabilities by the end of March 1986 or be delisted by Japanese exchanges.

Australia: 'Argentina of the Pacific'?

(Continued from Page 17)

tion, economists say, and it does not have the proper resources to compete in high-cost advanced technology.

Barlow occupies a group of weathered brick buildings here, in an area west of Sydney that Mr. Ferris called the "Bronx of Australia." It seems an unlikely home for a company regarded as a bellwether of a nation's industrial future. Inside, however, one sees why Barlow has earned its reputation.

The shop is organized into clusters of work stations with one person running two or three computer-controlled machines that do the jacking, grinding and shaping of bronze, molds into high-performance yachting hardware. The machines, mostly Japanese-made and less than four years old, cost about \$70,000 each.

"These machines have changed the economics of production," Mr. Ferris said.

To lathe a wrench gearbox, for example, the setup time has been cut from eight hours to less than 30 minutes.

The entire production process and materials handling are coordinated by a central computer system. The Barlow staff has developed much of the software itself. Barlow has not invented anything new, but it has mastered state-of-the-art flexible manufacturing.

While the company's revenues have increased fivefold since Mr. Ferris took control in 1977, the work force has less than doubled in size, to the present 150 employees. But companies like Barlow are rare. Australia's manufacturing and service enterprises export just about percent of their output. About 80 percent of the nation's export revenues come from commodities, including coal, iron ore and agricultural products.

Australia built up its industrial capacity as an emergency measure during World War II after Britain, its traditional supplier, was cut off. To protect these industries after the war, the Australian government erected some of the highest tariffs and import quotas in the world, and they have been reduced only slightly in recent years.

But such barriers increase the cost of the imported parts and materials that Australian manufacturers use.

In its report, the export panel calls for enhancing Australian competitiveness through a further lowering of tariffs, and acceleration of the deregulation efforts being pushed by the Labor government of Prime Minister Bob Hawke.

Floating Rate Notes

March 11

(Continued from Page 20)

Symbol	1984	High	Low	3 P.M.	Chg
IBM	120 1/4	120 3/4	120 1/4	120 3/4	+ 1/4
Microsoft	28 1/2	28 3/4	28 1/2	28 3/4	+ 1/4
Apple	29 1/2	29 3/4	29 1/2	29 3/4	+ 1/4
Oracle	24 1/2	24 3/4	24 1/2	24 3/4	+ 1/4
Unisys	22 1/2	22 3/4	22 1/2	22 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4

March 11

NASDAQ National Market Prices

(Continued from Page 20)

Symbol	1984	High	Low	3 P.M.	Chg
IBM	120 1/4	120 3/4	120 1/4	120 3/4	+ 1/4
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Oracle	24 1/2	24 3/4	24 1/2	24 3/4	+ 1/4
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QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4

March 11

NASDAQ National Market Prices

(Continued from Page 20)

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Oracle	24 1/2	24 3/4	24 1/2	24 3/4	+ 1/4
Unisys	22 1/2	22 3/4	22 1/2	22 3/4	+ 1/4
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QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4

March 11

NASDAQ National Market Prices

(Continued from Page 20)

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QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4
QED	18 1/2	18 3/4	18 1/2	18 3/4	+ 1/4

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(Continued from Page 20)

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DOMINICA



irardelli, iehl Take up Races

By One Staff From Dispatches
JEN, Colorado — Lux-
en's Marc Girardelli skied a
y flawless second run Sunday
in his fourth giant slalom of the
on the World Cup circuit.
rardelli, 21, edged Swedish
an Ingemar Stenmark and
pic champion Max Julen of
erland. The victory clinched

WORLD CUP SKIING

985 giant slalom title for Gi-
rardelli and also put him all but
ach in the overall standings.
enwhile, in Banff, Alberta,
German Martin Mair won
second super-giant slalom in a
The 20-year-old's fourth ca-
up victory came on a clocking
23.29, four-tenths of a second
d of Swiss sensation Michela
r (1:23.70), who won the cup
hill title Friday on Banff's de-
ding Great Divide course.

Switzerland's Brigitte Oertli
d third in 1:24.75, and team-
Zoe Hoss (1:24.75) was
h, to continue the Swiss domi-
n of the cup circuit this year.
In 1:24.80, second-year
senior Eva Twardok was the
of three Americans in the top
three. Armstrong was seventh
105) and Cindy Nelson fin-
10th (1:25.29).

Iehl was the favorite going into
super giant, a relatively new
d Cup event combining the
d of downhill with the techni-
ness of giant slalom. She won
event in Arosa, Switzerland,
placed second and third in the
earlier super-giants. The five-
year-old also has a giant slalom
y this season.

Iehl said she doesn't like down-
hill because of the pressure on
her. "I don't have a good feel-
ing for my skis downhill. But
super-giant? I love this race,"
aid.



Marc Girardelli in Aspen, skiing 'the way I know I can ski.'

The victory technically tied
Kiehl with Fignini atop the giant
slalom standings, whose points are
based on a competitor's five best
results. Both have three golds,
two silvers and two bronzes, but Kiehl
is narrowly ahead because her
sixth-best placing was a fifth, com-
pared with an eighth for Fignini.

Fignini made a couple of costly
errors in the upper part of Sunday's
1,820-meter (5,970-foot) course,
which had 37 gates. "But I have
another chance at her at Lake Placid,"
aid.

The giant slalom championship
will be decided later this month in
races at Lake Placid, New York,
and Waterville, New Hampshire.

With Sunday's victory, Girardelli
added five points to his overall to-
tal, giving him 252 points. His closest
pursuer, Switzerland's Firmin

Zurbriggen, finished fifth Sunday
and failed to add any points, leav-
ing him with 207.

Girardelli, fifth after the first
run, which was run in a driving
snowstorm, blew away the competi-
tion with a clocking of 1 minute,
14.12 on the second leg for an ag-
gregate 2:37.40.

Stenmark, winner of 79 cup races
but a nonwinner this season, was
second to Julen after the first heat
and wound up at 2:37.72. Julen
faded to third with a 1:51.31 in the
second run for a combined 2:37.85.

"Visibility was a problem on the
first run," said Girardelli. "Condi-
tions were difficult. I didn't believe
after my first run that I had a
chance to win, but I attacked on the
second — that was the way I knew
I can ski."

(AP, UPI)

Georgetown Heads Field of 64 For NCAA Basketball Tourney

The Associated Press
KANSAS CITY, Missouri —
Led by all-America Patrick Ewing,
Georgetown will launch the de-
fense of its National Collegiate
Athletic Association basketball ti-
tle Thursday night against the only
squad with a losing record in the
64-team tournament field dominated
by five conferences.

Playing their first-round
game against Lehigh (12-18), the top-
ranked Hoyas (30-2) are one of five
Big East Conference schools
named Sunday night to the biggest
and richest NCAA tournament.
The Big Ten Conference land-
ed six berths, breaking the tourney
record of five. Also named were
five Atlantic Coast and five South-
eastern Conference schools. The
Pacific-10 placed four of its teams,
although once-invincible UCLA
was not among them.

In all, 41 percent of the invita-
tions went to those five leagues.

Georgetown, St. John's, Michi-
gan and Oklahoma were made the
top seeds in the four regions.

The Babas, chairman of the nine-
man selection committee, said the
field — expanded by 11 at-large
bids — is the best ever. "We are
very excited," he said when the
bracketing was announced after the
committee spent three days and
nights drawing up the pairings and
seedings.

"The first 20 or 21 at-large teams
were easy," Babas said. "It was no
trouble. The last 15 got difficult
and I'm telling you, the last six or
eight — we could have stayed there
a week. It was agonizing."

First-round competition begins
Thursday around the nation and
the tournament will end in Lexing-
ton, Kentucky, with the champion-
ship game on April 1. Kentucky,
final-four team last season and just
of the finals this year, made the
field for a record 30th time despite
having the worst record — 16-12 —
of the at-large entries.

The committee picked 35 at-

large teams to go with 29 that qual-
ified automatically as conference
champions or conference tourna-
ment winners.

Big names among missing were
Indiana, NCAA champion in 1976
and 1981 but a loser in six of its last
seven games this season; Louisville,
which won in 1980 and had been in
the last eight NCAA tournaments;
Houston, which had been in the
final four the last three years, and
UCLA, which won 10 titles in a 12-
year stretch ending in 1975 and had
not missed the tournament two
years a row since 1961.

Bids went to only three indepen-
dents — Notre Dame, Dayton and
DePaul. Sixteen teams with 20 or
more victories were denied bids,
and Babas declined to speculate on
how many teams had a realistic
chance of winning. "There are a lot
of them," he said. "The number is
getting greater every year."

Teams with impressive records
but also left out included West Vir-
ginia (20-8), Richmond (20-10),
Creighton (20-12), Montana (22-7),
Weber State (20-9), Canisius (20-

9), Siena (22-7), Cleveland State
(21-8), Eastern Illinois (20-10),
Youngstown State (20-11), Fresno
State (20-9), Tennessee-Chattanooga
(20-7), Alcorn State (23-6),
Georgia Southern (24-5), Houston
Baptist (21-8) and Santa Clara (20-8).

Other Big East powers heading
into first-round action this week in
addition to Georgetown and St.
John's are Boston College, Syracuse,
Villanova and Pittsburgh. From
the Big Ten are Illinois, Iowa,
Michigan, Michigan State, Purdue
and Ohio State.

Three teams, Dayton, Notre
Dame and Georgia Tech, will enjoy
home-court advantages in first-
round play.

"Past the first and second
rounds, no team is allowed to play
on its home court in the regionals,"
said Babas. "It was the objective of
the committee not to have two
teams replay their conference
championship game earlier than the
regional title game. When you do
that, you have to move teams out of
their natural geographic regions a
little more."



Georgetown's Ewing, during a weekend victory over St. John's.

Flyers Storm to Divisional Lead With 11-4 Romp

Compiled by One Staff From Dispatches
PHILADELPHIA — It was not
a pretty sight. The Philadelphia
Flyers unloaded a season-high 23
shots in second period at rookie

NHL FOCUS

goalkeeper Brian Ford, and seven
of them went in.

"I felt sorry for him — they were
just hitting him — but he's a
defensive defenseman Rod Buskas, who
received a misconduct penalty with
94 minutes to play in Sunday's
game and missed the end of the
Flyers' 11-4 rout of the Penguins.
The victory lifted Philadelphia

into sole possession of first place in
the National Hockey League's Pat-
rick Division, two points ahead of
Washington (the Capitals lost 3-2
to Boston on Sunday after drop-
ping both ends of a series with the
Flyers on Thursday and Friday).

Elsewhere it was Winnipeg 7,
New Jersey 1; Minnesota 3, Chicago
2; Montreal 5, Hartford 6; St.
Louis 6, Detroit 2; Vancouver 6,
Edmonton 3; and Buffalo 4, Los
Angeles 4.

"When we heard that Washing-
ton lost, we tried that much harder
to play well," said Peter Zezel, who
scored one of the Flyers' seven sec-
ond-period goals. "Pittsburgh won

over Boston [on Saturday], and we
didn't know what to expect. But
then we got a couple of goals and
... By the end, 16 Flyers had
earned points.

Len Hachborn and Ukka Siin-
salo both had two goals, Rick To-
chetti had four assists and rookie
Todd Bergen scored once and had
two assists.

All that without leading scorer
Tim Kerr, who is out for three
weeks with strained knee ligaments.
In the middle of the first period,
Siin-salo and Hachborn scored nine
seconds apart, a club record by one
second. Pittsburgh got opening-
period goals from Mike Bolland and
Doug Shadden, and Dave Han-
nan's goal early in the second drew
them to within one, at 4-3. "We
thought we had them," said Bus-
kas, "and then the roof caved in."

The Flyers scored six straight
goals before the period ended, all
but one from directly in front of
Ford. Penguin Coach Bob Berry
mercifully pulled the rookie be-
tween periods and sent in Roberto
Romano.

Siin-salo's two goals gave him 30
for the year, a career high. Becom-
ing a standout in his fourth NHL
season, Siin-salo is a former star of
the Finland National Team. At 6-
foot-11 and 190 (1.85 meters, 86.1
kilograms), he is a big, strong left
wing who has become a sharp-
shooter.

Although he missed 10 games
because of back spasms, Siin-salo
has been brilliant since returning in
mid-January. In his first six games
he had six goals and five assists. In
his last three, including the victories
over Washington, he has five
goals and three assists.

"Ukka is a very intelligent play-
er," said Coach Mike Keenan. "His
improvement this season is one of
the reasons we've done so well. We
started working hard in training
camp on power plays and killing
penalties, and we found he was
valuable doing both."

Flyer goalie Bob Froese pulled a
groin muscle in the first period;
replacement Pelle Lindbergh got
credit for the victory, becoming the
third Flyer ever to win 30 games in
a season.

(AP, LAT)

SCOREBOARD

Hockey

National Hockey League Standings

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220
Los Angeles	20	24	24	226	288

AMERICAN HOCKEY LEAGUE

W	L	T	Pts	GF	GA
St. Louis	24	11	37	252	228
San Jose	24	11	37	252	228
Los Angeles	24	11	37	252	228
San Jose	24	11	37	252	228

CAMPBELL CONFERENCE

W	L	T	Pts	GF	GA
St. Louis	24	11	37	252	228
San Jose	24	11	37	252	228
Los Angeles	24	11	37	252	228
San Jose	24	11	37	252	228

SUNDAY'S RESULTS

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

World Cup Skiing

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

WOMEN'S GIANT SLALOM

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

OVERALL STANDINGS

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Football

FL Standings

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Transition

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Baseball

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Basketball

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Baseball

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Basketball

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Baseball

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Basketball

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Baseball

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Basketball

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

Tennis

Davis Cup Results

WORLD GROUP

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

AMERICAN HOCKEY LEAGUE

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

CAMPBELL CONFERENCE

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

SUNDAY'S RESULTS

W	L	T	Pts	GF	GA
Philadelphia	20	9	39	277	208
Washington	24	18	32	277	268
St. Louis	24	18	32	248	268
San Jose	24	18	32	222	220

World Cup Skiing

W	L	T	Pts	GF	GA
Philadelphia	20	9	39		

ART BUCHWALD

The University of Steroids

"Pressure for profits fuels cheating in college sports"

—Headline in USA Today.

WASHINGTON — Football coach Bobby Tawdry was livid. He had just been informed by the president of the "University of Champions" that his 1985 budget had been frozen.

"How do they expect me to get to a bowl game if they don't give me the tools to do it?" Tawdry asked his wife, Delta.

"Why would he freeze your budget?" she asked.

"He says he needs more money for his professors. They want to be paid the same rates as the football players."

"That's ridiculous. There isn't a top 20 school in the United States that could afford to pay professors that you pay your players. Did you point out that the team makes a profit while professors are just a drain on school finances?"

"Sure I did. And he said there's a new rule. I have to spend as much money on education as I do on athletics, or the school will lose its accreditation. I said I'd like to see him tell that to an all-star lineman who won't take less than \$100,000 to play on the team."

"I hope that shook him up," Delta said.

"It should have. But then he went into a song and dance about how much money the athletic department was spending on steroids. He said it doesn't look good for a major university to be dispensing drugs to the football team. The next thing I expected him to do was

tell me I have to play the kids without painkillers."

Delta was furious. "They all live in their ivory towers and have no idea what it takes to win a conference title. How do they expect you to fill the stadium every Saturday afternoon without pills? Did you tell him if you didn't give your players steroids they would never be big enough to get a contract in pro football?"

"Yes, and he mumbled something about it wasn't the university's job to develop talent for professional sports. I told him, 'We're the little leagues for pro football. The only reason the kids put out 100 percent is so they can get the attention of the NFL scouts in the stands.'"

"Did that shut him up?"

"It did about the steroids, but then he brought up student grades. He said he was still getting heat from the conference about players not attending any classes last year. He told me the faculty has its back up, and recently voted not to pass anybody unless he came to school. Furthermore, he said I could no longer sign up a member of the team unless he could read and write. That really sent me through the roof. I told him, 'You're tying both my hands behind my back. Why don't you cut off my legs and be done with it?'"

"I'm amazed you kept your temper as long as you did," Delta said.

"Then I told him, 'I was hired to coach football to bring glory and recognition to the school. But I have to do it my way. If you freeze the money so I can't recruit the high school players, and if you put restrictions in my way, then I have no choice but to take my case to alumni. Let them decide whether they want a winning team, or one that plays by the NCAA rules and becomes the laughingstock of Saturday's TV game of the week.'"

"And he folded?" Delta said.

"He should have, but he didn't. He said he was going to take it up with the board of trustees and ask for a vote of confidence. I warned him it was a mistake. When trustees have to choose between an administrator who is throwing away money on faculty salaries, and a winning football coach who is bringing in \$20 million a year, the school president doesn't have a prayer."

"Requiem" Down for Count

The Associated Press

NEW YORK — "Requiem for a Heavyweight," Rod Seiling's drama about an over-the-hill boxer, has closed on Broadway after four performances. The play, with John Lithgow as Harlan (Mountain) McClintock and George Segal as his unscrupulous manager, opened to mixed notices, although Lithgow was generally praised.

A 'Musical Picture Book' of a Japanese Pop Star

By Christine Chapman

International Herald Tribune

TOKYO — "YMO played a

role in telling people a very

simple message," said Ryoichi

Sakamoto, the best-known member

of the former Yellow Magic Or-

chestra. "At that time, whatever

came to my mind, I could make

a message from the group. Like

byak, 'sick,' I said, 'Tokyo is

sick, big cities are sick.' The right

word at the right time becomes

popular."

"I was good at that. I spoke the

key words the public wanted to

hear. YMO was just like an anten-

na."

The young man in the baggy

black overcoat looked like any

fad-loving Tokyo youth, with

black bag slung over his shoulder

and cigarette hanging between

his lips. But Sakamoto is a cult

idol for thousands of teen-

agers and university students.

He is a composer, arranger, pi-

anist, singer, lyricist, producer,

businessman, winner of record-

industry prizes for his arrange-

ments. He has undergraduate and

master's degrees in music from

the formidable Tokyo University

of Fine Arts and Music. He is a

sex symbol to both sexes for his

performances on the concert

stage and in the 1983 film "Merry

Christmas, Mr. Lawrence," in

which he played the commandant

of a Japanese POW camp who is

attracted to a prisoner played by

David Bowie. He also composed

most of the film's haunting score,

which became a best-seller in Ja-

pan and sold about 150,000

copies in France and England.

At 33, after nine years in the

pop music business, Sakamoto is

on top in spite of the breakup of

the band known as YMO, be-

cause he writes music that pleases

and he knows how to package

himself.

His public face, on record jack-

ets, billboard advertisements and

videotapes, is handsome and un-

smiling, with a touch of arro-

gance. In private, in his office, his

face is amused and lively, and

reflects his astuteness about the

music business.

"Half of my fans are junior and

senior high school students," he

said. "And mostly 17-year-old

girls. To them it doesn't matter

what I make but how attractive I

am. They don't care about con-

tents or the quality of a person

but about appearances."

"For the other half, my serious

fans, it doesn't matter what I

think. It is important that I make

music and have a face that ap-

peals to them. If I don't, they'll

find someone who does."

"What's important for me," he

emphasized, "is that I continue to

do whatever I like. That comes

first. Now I'm famous, but I don't

like to pander to the public."

In October, Sakamoto brought

out a solo album, "Onigaku Zu-

kan" (Music Picture Book), which

has sold 200,000 copies. Voted the

best record of 1984 by the popular

magazine *Brutus*, the album com-

poses up exotic lagoons, forests

where children play, quiet moods

in compositions that the Japanese

call "background music," soothing

music to drink or study by. Sa-

kamoto called it "an album

without a theme."

"Records are usually based on

a concept or theme, like the tropi-

cal-stereotype album, or Berlin

in the '80s," he said. "But I lost

interest in making that kind of

record. Now I go to the studio and

compose the way I feel. I improv-

ise. It's like writing a diary."

"Onigaku Zukan," which is

scheduled to be released in Eu-

rope this year, is a musical break-

away from the rock tunes of the

Yellow Magic Orchestra. Al-

though the new album uses the

synthesizer and a computer for

effects, it is much more subdued

than YMO's "techno-pop" sounds.

YMO, from its inception in

early 1978 under Haruomi Ho-

sono to its demise in December

1983 after a two-month tour that

took the group to Europe and the

United States, changed the sound

of contemporary rock in Japan. It

took high technology out of the

factories and offices and put it on

the concert stage. YMO was the

pioneer in Japan for the musical

use of electronic equipment.

"Techno-pop" is a word

coined by YMO five years ago,"

Sakamoto said. "But it's still ap-

plied to us. Today neither the

word nor the music is new. Com-

puters and synthesizers are used

throughout the world in pop mu-

sic performances, but YMO made

a foothold for the present popu-

larity of techno-pop."

YMO, as it is virtually always



Ryoichi Sakamoto: "As long as it sounds like me."

called in Japan, brought novelty

to music. It also brought fashion,

and a language among young Ja-

panese that is still reverberating

in the streets of city play-

grounds and in Akihabara, the

electronics district, where they

buy techno-toys such as synthe-

sizers and personal computers.

They want their own synthesiz-

ers because, as Sakamoto put it,

"having become more and more

computerized, the synthesizer is

regarded as an electro-tool, a mu-

sical instrument free from tradi-

tion and custom."

Explaining YMO's name, Sa-

kamoto said: "There are two

powers in the world, white and

black. Yellow is in the middle.

Like black power and black ma-

gie, yellow power, yellow mag-

ic. We wanted to keep the Japan

boom going. When it reached its

peak, we broke up our band."

Rumors crop up regularly that

YMO will get back together, but

Sakamoto said no. "It would be

good business to get back togeth-

er, but for personal reasons we

will not do it," he insisted.

"Eventually," he added, "I'd

like to form my own band. I'd

like to do one thing for a

long time."

In the brutal Japanese-British

film "Merry Christmas, Mr. Law-

rence," Sakamoto disappointed

himself and the critics, who con-

sidered him miscast. The director,

Nagisa Oshima, asked him to take

the role of camp commandant as

a foil to the British pop star, Da-

vid Bowie, playing a rebellious

prisoner. Sakamoto agreed on the

condition that Oshima allow him

to compose the movie's theme

music. The soundtrack may be the

most memorable part of the film.

In retrospect, Sakamoto said,

he dislikes the movie because it

stresses the fanaticism of the war-

time Japanese Army. "The Japan

in this film is not the real Japan,

and I am not in sympathy with

the old Japanese military," he

said.

He added, "I don't think I'm

out to be an actor. Of course,

it satisfies my narcissism, but I

think I'm better at composing

music for films. Because I'm ac-

quainted with music of many

genres, countries and historical

backgrounds, I am sure I can cre-

ate something new from the fu-

sion of these elements."

Videos are new to Japanese pop

music. Sakamoto has made two:

one, for Sony, on the electric key-

board, playing his "Tribute" de-

icated to the avant-garde Korean

artist Nam June Paik, and one

produced by his recording com-

pany, Miki Inc., to promote "On-

igaku Zukan." This month he has

recording and film sessions

scheduled in San Francisco, Lon-

don and New York with English

and Japanese musicians. To cut

a record abroad is good business

for Japanese entertainers, who

know the impetus a made-in-

New York label gives sales.

When Sakamoto was attending

high school during the late 1960s,

he was influenced by *yakusa* (gan-

gster) movies, jazz, rock 'n' roll

and the student movement. "I

fought against capitalism by de-

nying the bourgeois in myself," he

recalled. "I swept out my own

racial prejudices, such as the Ko-

rean problem, and recognized my

class-consciousness."

In 1970, when he started study-

ing composition at the Tokyo

University of Fine Arts and Mu-

sic, he had already written music.

In 1974 he continued into the

graduate school, studying audio

research and becoming serious

about electronic music. Friends

call him